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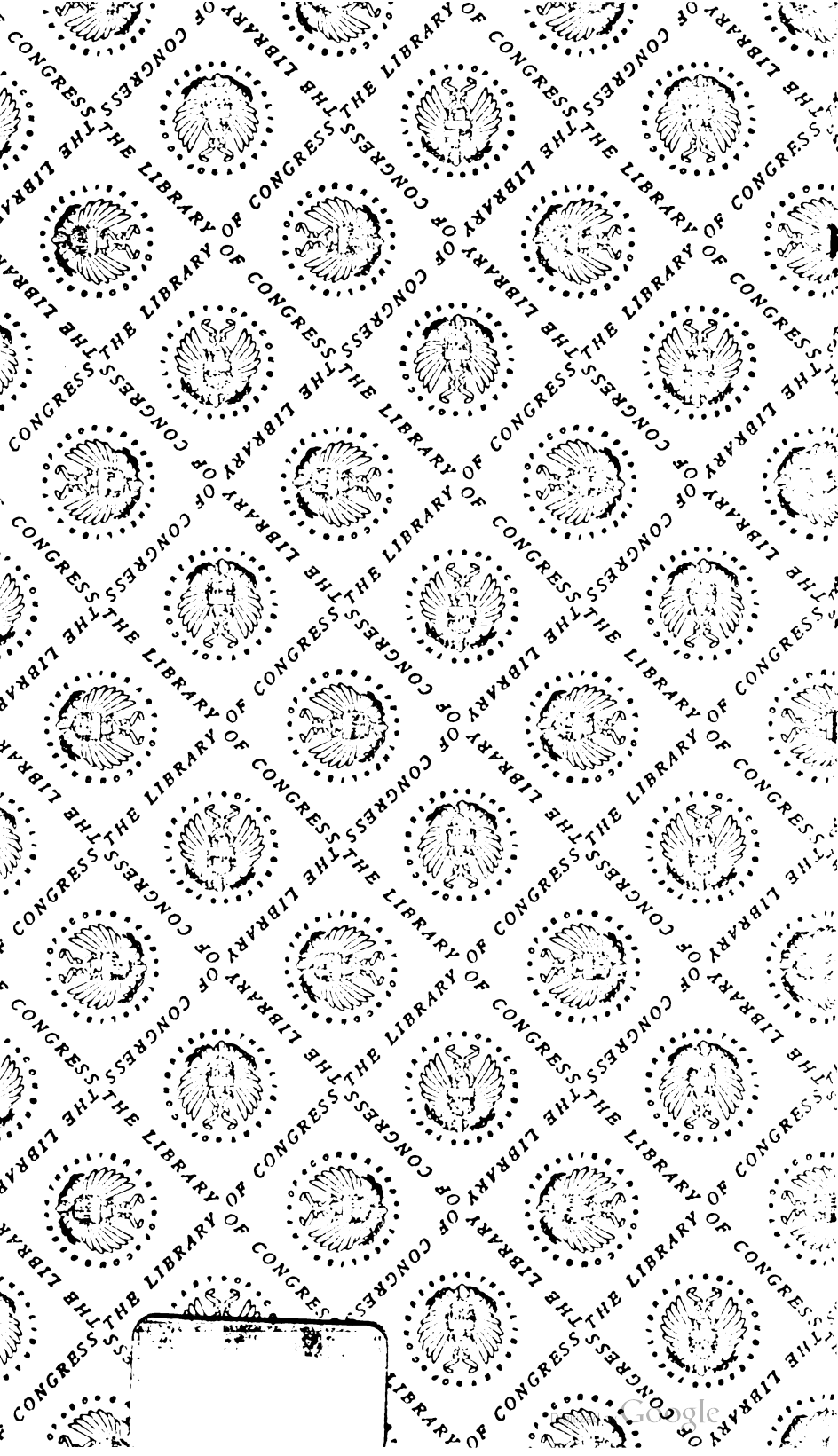
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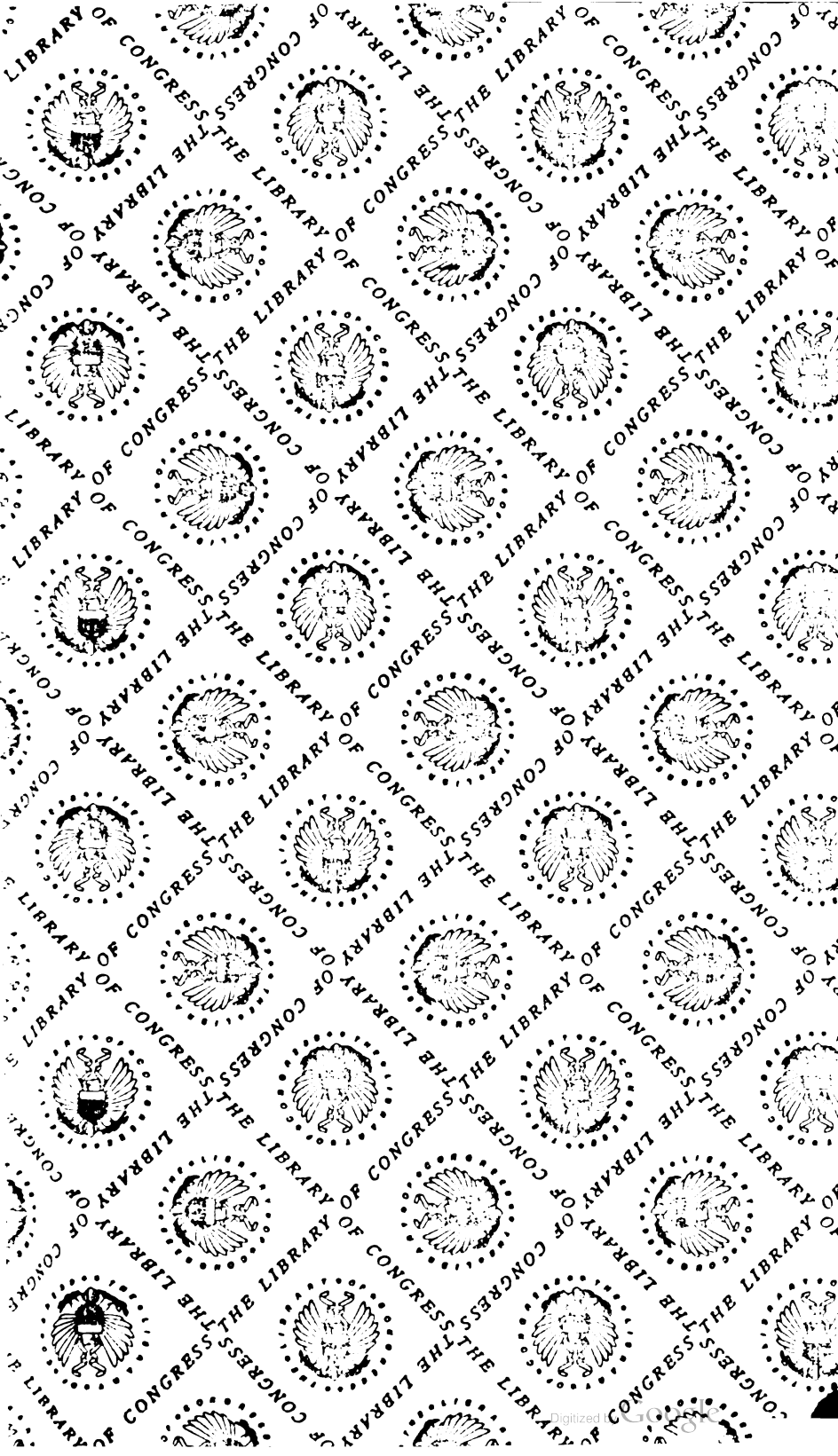
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PART I

HEARINGS

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BEFORE THE

COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT

OF THE

HOUSE OF REPRESENTATIVES

BEGINNING FEBRUARY 24, 1908

COMMITTEE:

IRVING P. WANGER, CHAIRMAN

MARTIN B. MADDEN

CARTER GLASS

WILLIAM H. JACKSON

JOHN M. MOORE

GEORGE W. FAIRCHILD

FRANK CLARK

WASHINGTON

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HEARINGS BEFORE THE COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT.

THE COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
Monday, February 24, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. F. E. McMILLIN, CHIEF POST-OFFICE INSPECTOR.

F. E. McMillin, being first duly sworn, testified as follows:

The CHAIRMAN. You are the chief post-office inspector?

Mr. McMILLIN. Yes, sir; I am the chief post-office inspector.

The CHAIRMAN. The force of inspectors is composed of the numbers which have been provided for by the appropriation acts of Congress?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. Can you give us a brief statement of the number of the force?

Mr. McMILLIN. The number provided for by the appropriation bill under which we are operating now is 377. That is the field force and does not include the clerks at the division headquarters. The country, as you understand, is divided into 15 divisions, with an inspector in charge of each division.

The CHAIRMAN. Will you give us those divisions, the territory comprised in each?

Mr. McMILLIN. The Boston division comprises all of the New England States; the New York division embraces New York State; the Philadelphia division, Pennsylvania and New Jersey; the Washington division, Delaware, Maryland, Virginia, West Virginia, North Carolina, the District of Columbia, and Porto Rico; the Atlanta, Ga., division, South Carolina, Georgia, and Florida; the Chattanooga division, Tennessee, Alabama, and Mississippi; the Cincinnati division, Ohio, Kentucky, and Indiana; the Chicago division, Illinois, Michigan, and Wisconsin; the St. Louis division, Arkansas, Missouri, and Iowa; the New Orleans division, Louisiana and Texas; the St. Paul division, Minnesota, North and South Dakota; the Kansas City division, Nebraska, Kansas, Oklahoma, and the Indian Territory; the Denver division, Colorado, Wyoming, Utah, Arizona, and New Mexico.

The CHAIRMAN. That is the way it was at the beginning of the present fiscal year?

Mr. McMILLIN. Yes, sir. The Spokane, Wash., division, Montana, Idaho, Oregon, Washington, and Alaska; and the San Francisco division, California, Nevada, and Hawaii.

The CHAIRMAN. You do not include the Canal Zone?

Mr. McMILLIN. No, sir.

Mr. FAIRCHILD. Or the Philippine Islands?

Mr. McMILLIN. They are under the War Department. We perform no service at either one of those places unless called upon by that Department for assistance.

The CHAIRMAN. The departmental force is provided for in the legislative appropriation bill, as I understand it?

Mr. McMILLIN. Yes, sir. The departmental force consists of 79 clerks, chief clerk, and the chief inspector. That is in the Book of Estimates. There was no change in the force.

Mr. FAIRCHILD. Is that a graded force?

Mr. McMILLIN. Yes, sir; just like all the rest of the departmental force, it runs from \$900 up to \$1,800. The chief inspector's division is no different from the other divisions of the Post-Office Department. They are all uniform in that respect, I think, throughout the Department.

The CHAIRMAN. The persons in charge of these divisions, how are they assigned?

Mr. McMILLIN. They are post-office inspectors assigned as inspectors in charge of the different divisions. Men are taken from the field and assigned to duty as inspectors in charge.

The CHAIRMAN. Are all of those of the highest rate of compensation?

Mr. McMILLIN. Yes, sir; \$3,000 each. The bill provides for 15 inspectors in charge at \$3,000 each.

The CHAIRMAN. And those inspectors are the ones in charge of these several divisions?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. If a change is made, how is that brought about?

Mr. McMILLIN. You mean, should an inspector in charge resign or be changed to some other force?

The CHAIRMAN. Yes, sir.

Mr. McMILLIN. That is brought about by the Postmaster-General designating some other person to take the position vacated, and if it is a matter of discipline he usually indicates just what service the person so disciplined shall perform.

The CHAIRMAN. Does the person who is removed from the position cease to be a \$3,000 man?

Mr. McMILLIN. Oh, yes.

The CHAIRMAN. And the one who is assigned becomes a \$3,000 man?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. What is the rest of the make up, say, of the Boston division?

Mr. McMILLIN. The Boston division consists of the inspector in charge, 12 field inspectors, and 2 city inspectors. We have a field force beginning at \$1,200, the next is \$1,400, and the next is \$1,600, and they are allowed \$4 per diem for each day they are engaged on official business away from headquarters. There are a limited number of field men at \$1,800 throughout the United States. This grade came about in this way: There were some \$1,800 men in the rural-delivery service that had charge of rural-delivery divisions, and when

that service was merged with the inspection division those men were^{the} taken in as inspectors at \$1,800, the salary they were drawing before, and the positions at \$1,800 of course remained in the service, but the greatest portion of the force is at \$1,600 and \$4 per diem. That is, the field force.

Now, we have the city force consisting of 40 men, 15 at \$2,000 each, 15 at \$2,250 each, and 10 at \$2,400 each. They get no per diem, but get their expenses when they are out of the city to which they are assigned. In the division you mention, Boston, a city inspector gets his salary when he is working in Boston, and should he be sent from Boston to New York he would be entitled to his expenses while on the trip.

The CHAIRMAN. Are city inspectors assigned for field duty?

Mr. McMILLIN. Only in cases of emergency. They work continuously in the city, and really the only time they are taken out of the city is when they get some case that necessitates their going to some other place to get information or when they are detailed by the chief inspector or the Postmaster-General to perform some special service. As we are directly under and a part of the Postmaster-General's office he may detail a city or a field man just as he desires, and his selection would probably depend upon the nature of the work he wanted performed and the qualifications of the man selected.

The CHAIRMAN. How long has the inspection force been directly under the Postmaster-General?

Mr. McMILLIN. I do not believe I can give you the exact date, but it was in 1904 or 1905. It was directly after the investigation of the Post-Office Department.

The CHAIRMAN. Prior to that time it was under whose direction?

Mr. McMILLIN. The Fourth Assistant Postmaster-General. Some years previous to that it was under the Postmaster-General.

The CHAIRMAN. You do not know how many years it was under the Fourth Assistant Postmaster-General?

Mr. McMILLIN. No; I can not say; quite a number of years, though.

The CHAIRMAN. Are the field agents a part of the inspection force?

Mr. McMILLIN. The field agents?

The CHAIRMAN. Yes, sir.

Mr. McMILLIN. Our field force are all known as inspectors. We have no agents—that is, using that title.

The CHAIRMAN. Does not the Postmaster-General have a number of field agents?

Mr. McMILLIN. No, sir. There are some assistant superintendents of salaries and allowances that travel from the First Assistant Postmaster-General's Office. There are some assistant superintendents in the railway mail service that travel from the Second Assistant Postmaster-General's Office, and there are half a dozen men connected with the Third Assistant Postmaster-General's Office who are assistant superintendents of registry, and I think, possibly, four assistant superintendents of classification connected with the classification of second-class matter. The latter devote their time to investigations relative to whether or not a publisher complies with the second-class requirements when they are in the field, and they work up some of the matter after they get back. This force, of course, is connected in no way with the inspection force.

The CHAIRMAN. The field inspectors in the Boston division, for instance, where are they generally stationed?

Mr. McMILLIN. Well, take Rhode Island, for instance; they have one man that works the State of Rhode Island.

The CHAIRMAN. His headquarters are where?

Mr. McMILLIN. His residence is in Westerly, R. I., and I think his domicile is Westerly, R. I. In Connecticut they have a man whose domicile is New Haven. He works part of the State, and the inspector located at Springfield, Mass., would work down in a part of Connecticut. There are two field inspectors domiciled at Boston that work the eastern and northern part of Massachusetts. I believe there are two men in Maine. Usually they are domiciled at Bangor and Portland. There is another man in New Hampshire and one in Vermont. I am not familiar with the local headquarters of these men, because that is a matter which concerns the inspector in charge. The reviewing office—that is, the clerk in my division who would review those accounts would have all that information and compare it in the examination of accounts, for the reason that the per diem is governed by the man being away from his domicile or away from his place of residence. So while we have that information on file at all times, it is for that purpose.

The CHAIRMAN. Who reviews the action of the inspector in charge as to the wisdom of the selected domiciles?

Mr. McMILLIN. His selection must be approved by the chief inspector's office. He makes the selection and notifies the chief inspector's office to that effect. If there are no objections, the record is made permanent, and if there is any objection, the matter is taken up with the inspector in charge as to why, perhaps, he desired to locate this man at a particular point.

The CHAIRMAN. Is there any examination of the bills rendered for per diem to determine whether or not the place of domicile is the most eligible and economical?

Mr. McMILLIN. An inspector's domicile is usually located with a view to the benefits to be derived by the service rather than to take into consideration the saving of a few dollars in per diem.

The CHAIRMAN. And what determines the question of advantage to the service?

Mr. McMILLIN. The inspector in charge; it is his duty to make a study of that subject.

The CHAIRMAN. What I mean is what is the basis for making that determination, what are the controlling factors?

Mr. McMILLIN. Whenever an inspector is assigned to handle a certain territory his domicile is located with a view to his being able to get out of the same to advantage. It is the custom to endeavor to locate the inspector at a junction point as nearly as possible. Take Springfield, Mass., for instance. The inspector who is located at Springfield receives no per diem while he is working in Springfield. It is quite a busy place and he would perform considerable service there, but if he wanted to leave Springfield the facilities for so doing are very good. He can get north, south, east, or west.

The CHAIRMAN. He can probably reach every other part of the territory assigned to him more conveniently from Springfield than from any other place?

Mr. McMILLIN. Oh, yes.

The CHAIRMAN. What duties does he have with reference to the Springfield post-office?

Mr. McMILLIN. No more than he would have with any post-office. He would simply investigate any complaints sent to him covering the Springfield office. If he should discover anyone violating the postal laws it would be his duty to take up the question, but he is not supposed to interfere with the general management of the office or with the duties that properly belong to the postmaster. In other words, as long as the force are performing their duties in accordance with the Postal Laws and Regulations the inspector is supposed not to interfere with the management of the office, which duty belongs to the postmaster, and he is not supposed to take up minor complaints that might come in to the postmaster for consideration and investigation. It is difficult sometimes for us to keep postmasters from referring trivial complaints to the inspector and occupying his time with small matters of detail that should be settled by the postmaster himself. As you doubtless know, the greater part of the inspector's work is made up from complaints that reach the postmaster, the inspector in charge, or the Post-Office Department. These complaints are jacketed and the complaint is recorded and a number given it. These complaints, or "cases," as we call them, after they are made up in that form are sent to the different division headquarters and by the different division headquarters to the man working in the particular locality affected, so that we have a record of the number of cases that the different men handle and we can identify a complaint, should one come later. We keep all the papers in that way together.

The CHAIRMAN. Do the number of complaints exceed the number of regular inspections of the post-offices?

Mr. McMILLIN. Yes, sir; very much. The regular inspections of post-offices this coming year will amount to about 35,000—that is, there will be about 35,000 money-order offices to be inspected, beginning the 1st of July next. The number of complaints of losses and delays for ordinary letters—I mean by that letters not registered, simply dropped into the post-office—would, perhaps, amount to 100,000 or 120,000 a year. It depends a great deal upon the honesty of the force in the office. One dishonest clerk, you can readily see, could originate quite a number of complaints before he might be separated from the service. Then we have, of course, a large number of registry cases. Those are designated as "A" cases on the jacket, and originate from a number of sources. It might originate from the robbery of a post-office and the theft of registered mail. It might be caused by the wreck of a mail train and the consequent destruction of registered mail. It might be that the letter was lost at some point in transit or was stolen by some person handling it. It might occur from the fact that the sender registering the letter failed to put the money into the envelope, or the party receiving it may have taken the money out and claimed that there was no money in the letter when he received it. Of course, a registered letter, being a letter of record from the time it originates until it is delivered, all cases of the failure of a registered letter to reach its destination with inclosure intact would create a case. To investigate complaints arising from any of the foregoing you must begin at the point of mailing and follow it all the way through and have a personal interview with each employee that would handle it. It might originate

in Washington and go to Port Townsend, in the State of Washington. In such cases there would be a number of people handling it in transit. You must follow the investigation all the way through.

The CHAIRMAN. Would you have the same inspector follow the matter where the places were so far apart?

Mr. McMILLIN. No, sir. We would transfer the case from the division beginning the investigation to the next one, and so on through. We could not afford to have the man go from division to division just handling the one case. There are a number of cases that originate from bonds. Postmasters have to furnish bonds to the Department for the faithful discharge of their duties. You can not always tell whether or not the bond is good unless you send a man out to look up the sureties. Sometimes it is necessary to go to the court records to ascertain whether or not the person designated as surety is financially able to qualify as such.

Occasionally we find a person designated as bondsman who would be unable to discharge his obligation to the Government should the postmaster abscond. In such cases the inspector investigating the financial responsibility of the surety recommends that a new bond be required, setting forth his reason therefor.

In other words, the inspection department only makes the investigation and reports the facts to the First Assistant Postmaster-General in order that he may be fully advised as to the conditions and whether or not the bond is good. We have a number of cases that originate from the establishment of rural free-delivery service, or the extension of rural delivery routes, and complaints arising from damage to mail boxes on rural delivery routes. A large number of such complaints arise from boys tearing down the boxes in a spirit of mischief or teams tearing them down. In all such cases, however, an investigation must be made, and if there is any loss, or if the law has been violated, the evidence of such violation must be presented to the United States attorney for district in which the violation occurred. Occasionally a prosecution comes from interference with the boxes.

The CHAIRMAN. Take the case of a letter registered at Springfield addressed to a person at Newport, R. I., which does not reach its destination promptly, or the person who should have received it claims that either he did not receive it or it did not contain the inclosures which it should have contained, what is the manner of investigating that complaint?

Mr. McMILLIN. The case would first go to the inspector at Springfield, who would investigate the manner of making up and registering the letter. That is, he should have an interview with the writer to ascertain whether he personally inclosed the money or left it to some clerk or employee to do, to ascertain whether or not the particular person that wrote the letter took it to the post-office for registration. He would get most of this information on the blank filed with the Department when the complaint was first made, but at all times it is necessary for the inspector to go over this feature of the case again.

The CHAIRMAN. Do you require a complaint to be made on a form?

Mr. McMILLIN. Yes, sir; it must be made on a form and sworn to before a notary public where the complaint alleges the loss of a valuable inclosure or letter. That would indicate the value of the con-

tents of the letter. That is just as to the monetary value, not as to the written message. It would be necessary to know that the Springfield post-office had a record of the dispatch of that particular letter, in fact, a receipt for it. In the particular case you point out, the Springfield office, I am under the impression, would inclose all registered mail for Newport or points east in a sealed sack or a locked pouch addressed to the Boston post-office, and Springfield should have Boston's receipt for such a letter. I do not know whether at Boston they make such a pouch containing the registered mail for Newport, but if they did it would go from the Boston post-office direct to Newport in a locked pouch—that is, a pouch that can not be opened by the employees handling it between the offices, not an ordinary locked pouch, you understand. So the only places involved in this case would be Springfield, Boston, and Newport. However, if there was no closed pouch between those points for registered mail the letter would be given to the railway mail postal clerk and he would take it into the terminal station at Boston. He might take it up to the post-office or it might be turned over to a clerk running out of the same station going down to Newport. You can follow the record from the starting point. The clerk who receives the registered mail must show its disposition, and if he does not show a disposition he is held responsible. That is what the record is for, and it is the general rule that if an employee can not show the disposition of a letter he must pay for it—that is, a registered letter.

The Springfield inspector would refer the case, after going through the investigation at Springfield, to the inspector at Boston, and he in turn would refer the case to the inspector working the State of Rhode Island. Of course, if it was a very important case, involving considerable money, it would be taken up by a couple of men at the starting point, who would cover the entire territory without transferring the case; but in any ordinary case it would be transferred from one inspector's territory to the other.

The CHAIRMAN. How much was paid by railway mail employees for lost registered mail during the last fiscal year?

Mr. McMILLIN. I do not think we have any statistics covering that.

The CHAIRMAN. Who would have the statistics, if there are any?

Mr. McMILLIN. I doubt, Mr. Chairman, whether the Department would have statistics that would show the collections from railway mail postal clerks separately. No doubt the Third Assistant Postmaster-General would have a record of those collections, for the reason that the registry business is under his supervision, but I doubt if he would have the items separated as to clerks, railway mail clerks, or other persons. The collections at times are made from railroad companies—that is, when we can get them to pay. The great source of trouble in the collections is from the fact that the railroad companies will tell you to charge it to their mail earnings; they are perfectly willing to have you charge it as a fine or deduction to mail earnings.

That operates in this way; it brings the money into the Treasury, but it is impossible to utilize such funds to reimburse the person losing them, because it is unappropriated and it remains there. So while the Department might be able to enforce a fine of \$1,000 against a railroad company for the loss of registered mail, if you lost \$1,000 the Department could not pay you \$1,000, although they

might take \$1,000 from the railroad company. There should be some regulation that would provide for the transfer of that \$1,000 into a fund that could be used to reimburse the loser.

The CHAIRMAN. You would think the appropriation for railway pay ought to be applicable to the extent that fines may be imposed upon railways, the money not being paid to the railway for the services rendered, but being withheld on account of losses it should be paid to the loser?

Mr. McMILLIN. Certainly.

The CHAIRMAN. Do you recall whether there has been a specific recommendation by the Postmaster-General for legislation on that subject?

Mr. McMILLIN. I think you will find the recommendation in the report of the Third Assistant Postmaster-General, in the general recommendations that are transmitted to Congress by the Postmaster-General. In fact, the Third Assistant Postmaster-General took that up when called before the Committee on Post-Offices and Post-Roads.

The CHAIRMAN. This year?

Mr. McMILLIN. I am not quite certain.

The CHAIRMAN. Does the local inspector make all the examinations of proposed rural routes and changes of rural routes?

Mr. McMILLIN. Yes, sir; unless there might be some objection raised; that is, a request might come from some source that they would like to have another inspector make the investigation rather than the man located there; but he is located for that particular purpose, to make all the investigations in that vicinity.

The CHAIRMAN. How many rural agents or inspectors became post-office inspectors?

Mr. McMILLIN. That was prior to my becoming chief inspector, but my recollection is that there were about 140 or 141.

The CHAIRMAN. And that was how long ago?

Mr. McMILLIN. The 1st of July, 1906.

The CHAIRMAN. You have a statement showing the classification of the inspectors, have you, and the compensation that they receive?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. During what period?

Mr. McMILLIN. January 1, 1908, by grades. On the 1st of January of this year we had 15 men at \$3,000; 10 men at \$2,400; 15 men at \$2,250; 16 men at \$2,000; 10 men at \$1,800; 129 men at \$1,600—there was one vacancy in that class on the 1st day of January that was filled on the 4th of January—110 men at \$1,400, and 60 men at 1,200. That was the force on that particular day. As you see, it might vary. On the 4th, for instance, there was 1 additional inspector at \$1,600 and 1 less at \$1,200, because they were moved up to fill a vacancy and a new man appointed. There is not a full force operating at the present time for the reason that my predecessor recommended the reduction of 15 men in the force. I could not agree with him. However, the matter rests with the Post-Office and Post-Roads Committee, and not knowing what action they were going to take the only thing that I could do was to protect the Department against an excess of force should they make the recommendation. For that reason I have been endeavoring to hold it down so that in case they reduce the force I would not have to discharge some particular person for the want of

proper legislation to pay him, which I would have to do if I had a full force on the 1st of July, when they reduced it.

The CHAIRMAN. If Congress appropriates in accordance with the recommendation of your predecessor you expect to have such a force as will be provided for by that appropriation?

Mr. McMILLIN. I will cut my cloth according to the appropriation they make.

The CHAIRMAN. But you think there should be no diminution of the force?

Mr. McMILLIN. Yes, sir; I certainly do. If they cut the force down to 362 it would be my business to have 362 men in the service, at least no more than that, by the 1st of July. If I filled the force up at the present time and the reduction was made it would mean that I would necessarily have to drop 15 men on the 1st of next July. It would be, perhaps, better to work the force down before that time, rather than legislate some out of office.

The CHAIRMAN. You feel that you have occasion for those 15 men, do you?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. Have you a statement showing in detail the expenditures for per diem?

Mr. McMILLIN. The per diem appropriated for the present fiscal year was \$350,000 for field inspectors, and on January 4 we had expended \$132,392 and there was an unexpended balance of \$117,608 at that time, but there were a large number of pay accounts for the month of December that had not been audited on the 4th of January; in fact, a number of them that were not in the office.

The CHAIRMAN. In the letter of the Postmaster-General of November 29 last he gives a statement of expenditures to September 30, 1907. Might there be other per diem allowances on account of the previous fiscal year which had not been audited?

Mr. McMILLIN. Up to September 30?

The CHAIRMAN. Yes, sir; up to September 30. Would that probably include the entire allowance during that fiscal year?

Mr. McMILLIN. The fiscal year ended June 30, 1907, and the report made in September of that fiscal year should cover practically all the expenses that were in at that time and properly charged up. There might be a few dollars in controversy, but it would be usually a very small amount.

The CHAIRMAN. The expenditures for per diem allowances—are they of a uniform amount, what you might call a percentage in the different districts, or do they vary greatly?

Mr. McMILLIN. It is \$4 to each inspector.

The CHAIRMAN. I understand the rate per diem, but I mean the per diem paid to inspectors?

Mr. McMILLIN. The per diem paid is dependent altogether upon the movements of the inspectors. It is necessary to audit their pay accounts very closely at the expiration of each month to ascertain just the amount of per diem to which they are entitled, and it would vary. A man might have twenty-five days of per diem; he might have ten or fifteen days. It might be possible for him to have been continuously employed for an entire month.

The CHAIRMAN. Who audits the per diem accounts in the first instance?

Mr. McMILLIN. The account is gone over by the inspector in charge at the division headquarters and then it is sent to my office and it is gone over there very thoroughly, and then passes to the Auditor for the Post-Office Department.

The CHAIRMAN. The claim is made out on a form, I suppose?

Mr. McMILLIN. Yes, sir. The inspector makes up his pay account and it shows his movements for each day in the month, the time he left a certain point, the time when he reached the next point, the number of the case on which he performed service, and whether or not he claimed per diem for that particular day. There is an itemized statement of each day's service all the way through, and if he expended any money for horse hire he must furnish a voucher for it. That voucher must be signed by the person furnishing the outfit, or if it is a company by the company's name, followed by the name of the person who receives the money. He furnishes a carbon copy of all telegrams on which he claims a charge, and every cent of his account is there, and it must be all gone over by the clerks in the chief inspector's office, and that is done in such a manner and with such care that it is very rare, indeed, when we have any accounts come back to the inspector's division from the Auditor after it reaches that point.

The CHAIRMAN. Is there any verification usual of the accuracy of the items paid for which allowance is claimed? For instance, horse hire.

Mr. McMILLIN. There would be no reason for doubting the genuineness of a voucher turned in for that purpose. If there was any question raised about it, or about the pay account of an inspector brought out from some source or other or by some act of his, it might be that we would go back over some other account, but there would be no reason I can see for discrediting a voucher of that kind.

The CHAIRMAN. Livery charges vary very much?

Mr. McMILLIN. Yes; I understand that. I understand that livery charges vary; in fact, I know they do, because I have had some experience myself. He makes oath to the account.

The CHAIRMAN. He makes oath to the account; how does that oath read?

Mr. McMILLIN. I do not believe I can give you that oath. It is a regular oath such as you certify to or swear to before a notary public.

The CHAIRMAN. You can furnish us with the form?

Mr. McMILLIN. Yes, sir. I can send you a blank account.

The CHAIRMAN. If you will, please.

Mr. FAIRCHILD. What is this \$4 per diem supposed to cover?

Mr. McMILLIN. It is supposed to cover a man's hotel bill, laundry, and other ordinary expenses.

Mr. FAIRCHILD. Transportation?

Mr. McMILLIN. Really all items but transportation. Inspectors have no transportation on railroads; they have a commission that covers that.

Mr. FAIRCHILD. If a man is stopping in a country place and gets his hotel expenses at \$2 he makes \$2?

Mr. McMILLIN. Yes, sir; he would make \$2 under those conditions.

Mr. FAIRCHILD. Two dollars, I think, is about the average in the smaller places where the inspectors go?

Mr. McMILLIN. It is barely possible that \$2 would be considered an average in a great part of the country. In some parts it would cost a little more than that, and then you have instances of this kind, where you take a per diem man and send him on some special service where he would be using dining-car service for a week, making some investigation where it would be necessary for him to perhaps buy dinners or entertain somebody. That all comes out of his own pocket. Take, for example, my own personal experience. I made a trip that required me to travel from about the 26th of August until the 30th of September. I think it cost me about \$60, and I was an expense-man. It would have cost a per diem man a great deal more. It might be possible for him to run along for some time and derive some benefit from his per diem.

Mr. FAIRCHILD. Would you think there would be considerable profit in \$4 per diem to an inspector?

Mr. McMILLIN. No; I should not think so, taking it the year round, for this reason: There are a certain number of days when he is at his headquarters and gets no per diem. Of course he has expenses there, because he might not live there, and there are Sundays for which he gets no per diem. His expenses run on just the same; and then there would be these trips that he would be sure to get before the expiration of a year. I figure that it costs about \$1,081 per annum per man for per diem. This would average less than \$3 a day—in fact, about \$2.75.

The CHAIRMAN. The inspectors are now appointed from postal employees who have been examined and secured a rating of not less than 70 per cent?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. How long has that been the rule in the Department?

Mr. McMILLIN. For a great many years; at least ten years.

The CHAIRMAN. How long do you think it is safe to say?

Mr. McMILLIN. It is my impression that it goes back to the beginning of the classified service; I would not be positive about that, but I should say fifteen years or more.

The CHAIRMAN. During all that time it was necessary for a person to be appointed an inspector to have been a classified man?

Mr. McMILLIN. All that time he must have been a classified man.

The CHAIRMAN. In the classified postal service?

Mr. McMILLIN. Yes, sir. The examination is really additional. He must be a classified man and this examination is an additional examination other than the one he takes which classifies him.

The CHAIRMAN. After what experience in the classified service are applicants permitted to be examined for postal inspectors?

Mr. McMILLIN. There is no particular limit as to that. If we receive an application from an employee of the service, in any branch of the service, where he is 25 years or 24 years of age, up to 35 or 40 years of age, we put his name on the list to be sent to the Civil Service Commission for examination at some future time when they are holding an inspector's examinations. His qualifications would be considered if he passed the examination. It is hardly worth while to do so before, for the reason that you would be looking up a number of people that would never pass. It is sufficient to get them from the

list of those who are successful. That examination itself eliminates a few, in fact a large number, and a man's experience would be looked into before he would be appointed. It is the general custom of the inspection service to send one of their own men to investigate the record and qualifications of an applicant after he passes the civil-service examination and before he is given an appointment.

The CHAIRMAN. Are all of the classified employees who apply who are of suitable age put on the list for examination?

Mr. McMILLIN. Yes, sir. I think that was the custom of my predecessor and I know it has been so since I have been there.

The CHAIRMAN. Have you had a sufficient number of applicants to provide suitable material for appointments?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. What previous experience seems to best fit the candidates?

Mr. McMILLIN. The railway mail service. The experience of an assistant superintendent of delivery in a large post-office or an assistant superintendent of mails would fit a man very nicely for the inspection service, but the salary at which the new inspector begins is too low for us to get those men to start in with us. That is, men who are drawing \$1,500 and \$1,600 a year would like to be attached to the inspection service if it were not for the fact that they have to take \$1,200 to begin with and take their chances of promotion. At the present time if the initial salary paid on entrance to the inspection service was \$1,600 instead of \$1,200 we would get a more efficient class of men. It would cost but little, if any, more to carry on this service in the long run. In fact, at the request of the Committee on Post-Offices and Post-Roads, I have written them suggesting that the initial salary paid on entrance to this branch of the service be \$1,600 and that at the expiration of a year the man be promoted to \$1,800; that there be no per diem, that he simply be paid his expenses.

The CHAIRMAN. Please send us a copy of that communication.

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. How many of the assistant superintendents to whom you referred as being superior men for postal inspectors are there in the country?

Mr. McMILLIN. Well, I would not be able to say, but I should judge five or six hundred.

The CHAIRMAN. The experience does not need to have been in the very largest cities?

Mr. McMILLIN. I was estimating on about 300 first-class offices, in that vicinity, and you would have two men for each office, so that I was simply guessing at five or six hundred. Of course, all of them would not want to take the position. Recently we had the case of a man passing the examination declining to accept appointment after looking into the matter further. The railway mail service, as I answered your question in the first place, fits a man for the inspection service, for the reason that he is required in the railway mail service to master the distribution of mail for a very large part of the country. He must know the location of all the post-offices in his immediate vicinity and the schedule of mail trains and the general ramifications of the service of handling what reaches him, and there is a considerable discipline maintained there, a little better than it is in the post-offices. So when a man becomes an expert railway postal clerk he is

quite familiar with the postal service in general, and it is much easier for him to accomplish good work as an inspector because of the disciplinary training and knowledge he has of the service when he begins.

The CHAIRMAN. How did you begin in the service?

Mr. McMILLIN. I began in the service as a railway postal clerk in 1883. I was a railway postal clerk on the Union Pacific road from 1889 to December, 1896, and was clerk in charge of the car—that is, the highest position we have. I left that place to take the position of chief clerk of the railway mail service at Ogden, Utah. I remained there until December, 1899, when I was appointed an inspector. I went from there to the Spokane, Wash., division and remained there until December, 1900, when I was transferred to the Boston division. I worked in the field until July, 1901. I was made a city inspector at Boston and remained there until April, 1905, when the postmaster offered me the position of assistant postmaster of that office. I accepted it and continued there until June, 1907, when the Postmaster-General appointed me as inspector in charge of the Washington division, and I remained there until the 2d of January, this year, when I was appointed chief inspector. That is my history in the postal service.

Thereupon the committee adjourned.

WEDNESDAY, *February 26, 1908.*

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. F. E. McMILLIN, CHIEF POST-OFFICE INSPECTOR—Continued.

The CHAIRMAN. Have you seen the preliminary report of the Joint Commission on Business Method of Post-Office Department and the Postal Service?

Mr. McMILLIN. Yes, sir; the report submitted by Senator Penrose.

The CHAIRMAN. Senate Report No. 201?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. Have you read the part that relates to the division of the chief inspector?

Mr. McMILLIN. Yes, sir. The fact is I have read considerable of the report.

The CHAIRMAN. Are the facts stated as to your division correct?

Mr. McMILLIN. They are. On page 19 of the report, article 8, the report says, referring to collections: "Those which can be clearly traced as belonging to individuals are turned over by the inspectors in the field to the individuals." That might be a little misleading. However, in finishing up the report I notice the commission include in that field disbursement surplus money-order funds and surplus postal funds that are collected by the inspector from postmasters and deposited to his credit at the regular designated depository. The money is deposited to his credit and not disbursed to some one else.

The CHAIRMAN. When you say "his credit," what do you mean?

Mr. McMILLIN. The postmaster's credit.

The CHAIRMAN. In the authorized depository?

Mr. McMILLIN. Yes, sir. It may be a subtreasury or it may be some larger post-office to which he remits. Really the only collection that is made by inspectors and disbursed to some one out of the service is in the wrong payment of a money order. If a money order is paid to a wrong person and the inspector who investigates the case makes the collection from the person who received the money wrongfully, or, if that can not be done, from the person who made the payment without proper identification, the inspector is then authorized to disburse the money to the proper payee, and he gets his receipts in triplicate; one goes to the chief inspector's office, and one goes to the Auditor's office, so that the Auditor is fully advised as to the transaction. Other moneys are transmitted to the headquarters.

The CHAIRMAN. What are the other moneys?

Mr. McMILLIN. The moneys that are collected.

The CHAIRMAN. Those recited in the several headings, for instance, No. 3, on page 18?

Mr. McMILLIN. A larger amount. Article 3, page 18, refers to penalties for offenses against the postal laws and regulations. In the case of a violation of section 484 (inclosing higher class matter with lower class and paying the lesser rate) there is a penalty attached to that, the jurisdiction for the collection of which rests with the Auditor, and the inspector is simply an agent of the Auditor in making collections for violations of that section. The money is transmitted to the Department. The inspector might make collections on account of damage to registered mail or loss of registered mail, and he would transmit money so collected to the Department.

The CHAIRMAN. To the Department—to whom?

Mr. McMILLIN. The chief inspector's office. He might make collections from postmasters who had "padded," as we call it, their cancellations.

The CHAIRMAN. That is under article No. 4?

Mr. McMILLIN. Yes, sir. The final adjustment of such a collection rests entirely with the Auditor, and of course the money is transmitted to the chief inspector to await a result or a decision of the Auditor. I presume under the new regulations that took effect on the 1st of October, 1907, which provide for the payment of indemnity for the loss of foreign registered mail, that collections will be made from time to time.

Mr. FAIRCHILD. That is from the loss of mail sent from this country abroad?

Mr. McMILLIN. Yes, sir; to those countries belonging to the Postal Union. The arrangement is that the country from which the letter is dispatched shall immediately pay 50 francs, not the loss, but pay 50 francs for the loss of a registered package. It is immaterial as to the class, and it is immaterial as to the contents—simply a payment of 50 francs, regardless of the value of the package. It would be the duty of the United States to pay for such a loss in case it was going to a foreign country, Germany for instance. After the investigation had been made and it had been shown that the loss occurred in Germany, the German Government binds itself to reimburse the United States, so that in course of time there will be some collections from that source.

The CHAIRMAN. Have you a copy of those regulations of October, 1907, with you?

Mr. McMILLIN. No, sir.

The CHAIRMAN. Can you send the committee a copy of them?

Mr. McMILLIN. I think so; yes, sir.

The CHAIRMAN. Correspondingly, is there a fixed sum paid for registered mail sent to this country and lost?

Mr. McMILLIN. Yes, sir; the same amount, 50 francs.

The CHAIRMAN. Which country pays the loss?

Mr. McMILLIN. The country of origin.

The CHAIRMAN. Irrespective of what the package may show?

Mr. McMILLIN. The country of origin pays the loss in order that the sender may be immediately reimbursed, and then the two countries involved adjust the matter between themselves afterwards. That enables the citizen who lost the money to get his money back immediately.

The CHAIRMAN. If a registered parcel originating in the United States is traced to Germany, the country of its destination, and subsequently lost, Germany would reimburse the United States?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. For the money paid?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. How would it be in the case of a package that went to two or more countries, after crossing the ocean, where it could not be definitely determined whether the package was lost in one foreign country or another foreign country? Is there a provision for that sort of a case?

Mr. McMILLIN. I think they would be able to locate the loss, for the reason that there is a system of receipts for the package as it travels, and when it became lost that chain of receipts would be broken. It would be necessary for any country or any employee who signed for a registered package to either pay for it or to produce a receipt showing that they had delivered it to some other person.

The CHAIRMAN. Take the Oriental mail train—I do not know whether that is what it is called, but the train from Calais to Vienna—I think there is a train that makes that run——

Mr. McMILLIN. I do not know anything about that. I have not been across the water.

The CHAIRMAN. Do you know what arrangement would be made if the package was received by the railway company and was then lost?

Mr. McMILLIN. We would simply hold the country. It would be the duty of the country in which the road was located to reimburse themselves the best way they could.

Mr. FAIRCHILD. Would not the mail be pouched direct from the steamer to Vienna; that is a large city?

Mr. McMILLIN. Yes, sir; I think it would. On quite a number of steamers we have sealed sack exchanges between this country. The larger post-offices in this country, and also some of the larger post-offices in foreign countries, make up sealed sacks containing registered matter for what is known as "railway postal lines" in foreign countries.

The CHAIRMAN. Have you finished with No. 4?

Mr. McMILLIN. Yes, sir; and I have answered No. 5, "Claims against employees or others for loss of or damages to registered mail, or wrongfully-delivered ordinary mail."

The CHAIRMAN. Those claims are settled directly in the field by the inspector making the investigation as far as practicable?

Mr. McMILLIN. Only the collections, sir.

The CHAIRMAN. Where he makes the collection he pays to the injured party?

Mr. McMILLIN. No, sir. He makes the collection and transmits the money to the chief inspector, and the injured party is reimbursed by a check from the chief inspector.

The CHAIRMAN. Kindly take up No. 6.

Mr. McMILLIN. No. 6, "Claim against employees or the public for damages to property of the Department," would be very limited, for the reason that the equipment is about all the Department owns in connection with the postal service. Charges are made against railroad companies for damages to the equipment, and occasionally against an employee, but this very seldom occurs.

No. 7, "Recoveries from burglaries and other depredations." It happens at times that we are able, by capturing a burglar while he has the stamps and money in his possession, to recover some of the money stolen, which, of course, is transmitted to the chief inspector. Such money eventually would go back to the postmaster who sustained the loss. He would be given credit for all the stamped paper that was recovered, and the stamped paper is forwarded to the Department after the trial of the case and is destroyed by the Third Assistant's office. It would be necessary, in order to adjust the postmaster's accounts, to immediately credit him with what stamped paper had been recovered, for the reason that the stamped paper must be retained as evidence to be used in the trial of the case, which might occur within a month and might not occur for a year. Other recoveries are collections made from the sureties of employees who are caught rifling or stealing from the mails. In the case of an employee who steals ordinary letters, or possibly registered letters, and is arrested by the inspector, he is seldom able to collect from the employee the total amount so hypothecated, but the Department is able in a great many instances to collect the amount of the loss from the sureties of the employee. Money so collected from the sureties is sent to the chief inspector, who pays by check those who have suffered losses on account of the depredations of the particular employee. Each loss is recorded and bears a number, and that is carried out all the way through the entire transaction, so you can trace any particular case through the chief inspector's office to the point of disbursement and the amount paid.

No. 8, "Money found loose in the mails." That money is turned in by the employees to the postmaster at the office where found, or if found by a railway postal clerk, it is delivered to the office at the initial or terminal point of his run. If it is found that the loss occurred from some registered matter or it can be identified as coming from a particular letter, the money is recovered by the chief inspector's force and the chief inspector reimburses the loser. Very frequently it is difficult to identify particular money with a particular loss, so that unidentified money goes to the dead letter office in a great many instances without, of course, passing through the chief in-

spector's office. It is sent in by the postmasters, and I believe that you will find in the report of the Fourth Assistant Postmaster-General considerable money that has been turned in as postal receipts originates from this source.

There is a criticism here of the bank account kept by the chief inspector. I wish to say that account is kept at the present time in my name as chief inspector.

The CHAIRMAN. How was it kept by your predecessor?

Mr. McMILLIN. In the same manner. It has always been kept with the official title and not as a personal account. In fact, the deposit is made just the same as the postmaster carries an account in a bank where he deposits postal funds. The money is deposited to the credit of the particular person as postmaster. I would be pleased, however, if you would make arrangements to let somebody else have the money; I do not care for it myself. I would prefer very much that it should be turned over to some one else. There is a risk, of course, in carrying it.

The CHAIRMAN. Are you under bond?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. In what sum?

Mr. McMILLIN. Five thousand dollars.

The CHAIRMAN. And the balance in the account amounts to how much?

Mr. McMILLIN. I did not notice what it was to-day, but when the office was turned over to me the balance in the bank was something like \$40,000.

The CHAIRMAN. Is that about an average balance?

Mr. McMILLIN. Well, I should say it will run between \$25,000 and \$40,000; yes, sir.

Mr. FAIRCHILD. Where is that carried?

Mr. McMILLIN. In the National Bank of Washington.

Mr. FAIRCHILD. Is any interest paid on it?

Mr. McMILLIN. Not that I know of.

The CHAIRMAN. Is that where the deposit was kept when you took office?

Mr. McMILLIN. Yes, sir; it has been there for quite a number of years.

The CHAIRMAN. Was there any audit of the account at the time of the transfer?

Mr. McMILLIN. Yes, sir. The account was audited from the time it had been previously audited down to that date, January 2.

Mr. FAIRCHILD. Is it discretionary with you where you carry it?

Mr. McMILLIN. Well, I presume not. I assume that the money was deposited originally by the advice, perhaps, of the Postmaster-General, and I should think the chief inspector would not have the right to change it from that bank to some other without his consent.

The CHAIRMAN. Is that account made up from all the money returned to the chief inspector?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. The report would rather seem to indicate that it only referred to money found loose in the mails?

Mr. McMILLIN. It covers all money received by the chief inspector's office. The money is deposited each day.

The CHAIRMAN. By whom was the account audited at the time of the transfer?

Mr. McMILLIN. By two post-office inspectors.

The CHAIRMAN. At whose request?

Mr. McMILLIN. At my request.

The CHAIRMAN. Before or after you took the office?

Mr. McMILLIN. On the day I took the office.

The CHAIRMAN. Who is the cashier referred to in the paragraph on page 19?

Mr. McMILLIN. Mr. Shook. He is an employee of the chief inspector's office.

The CHAIRMAN. Appointed by whom?

Mr. McMILLIN. He was appointed cashier by the chief inspector. He is one of the regular clerks there and assigned to that particular duty.

The CHAIRMAN. Who besides the chief inspector is informed of remittances made to him?

Mr. McMILLIN. The chief of the depredation bureau, that is the man who is really the chief inspector's assistant, would get the reports from the division inspectors-in-charge covering the amounts which are transmitted to the cashier. Those statements are returned monthly, so that he would be able to make a comparison. Then there is a collection slip sent to the chief inspector's office at the time the inspector makes the collection, so that we can anticipate the money coming in. The inspector making the collection must also send a receipt showing the disposition of the funds when they leave his hands, so that if they go to the depository as a deposit we are enabled to know the length of time the inspector kept the money in his possession.

The CHAIRMAN. Would it not be a better business plan if the moneys were sent to a disbursing officer?

Mr. McMILLIN. You mean a person not a part of the chief inspector's office?

The CHAIRMAN. Yes, sir.

Mr. McMILLIN. It would be perfectly satisfactory to me. I think myself it would be advisable to have all cash returns made to a person who has no connection with the Department to which the funds belong or from which they originate or through which the collection is made.

The CHAIRMAN. You would have a report of the collections and payments to the disbursing officer and each would keep check on the other?

Mr. McMILLIN. Oh, yes. It would simply mean that the inspector making the collection would transmit the money to the disbursing officer and would make his report direct to the chief inspector. I am inclined to think that it would be a better system than we have at the present time and more businesslike.

The CHAIRMAN. Is there an officer in the Department now who would be a proper person to receive and disburse the moneys?

Mr. McMILLIN. I hardly think there is an officer there who would carry out your idea in connection with it. It would be simply placing the responsibility on some other division.

The CHAIRMAN. There is a disbursing officer in the Department?

Mr. McMILLIN. There is a disbursing officer, but he is really a paymaster.

The CHAIRMAN. Will you kindly give that subject some consideration in order that we may have your views later?

Mr. McMILLIN. It is my opinion that a man who handles money should have no other duties to perform except to receive it and pay it out; he should have no connection with the collection of it nor the order for the disbursement of it; he should simply honor a draft that is made on him for the amount. I believe the report covers that matter very nicely. They suggest, I think, a comptroller or some officer of that nature. It would have to be some person specially designated. I do not believe if you had the organization as it now stands that it would follow out your ideas or mine in that respect.

The CHAIRMAN. The comptroller, however, that is suggested by the accountants, would be an administrative auditor, would he not?

Mr. McMILLIN. I believe, if I remember correctly, the proposition is to have the cash all pass to a particular person and the deposit made in the National Treasury instead of in a bank. The comptroller's office would be the financial office.

The CHAIRMAN. To receive as well as to pass upon the disbursement of the money.

Mr. McMILLIN. I do not know that he would have the right to pass upon the disbursements. However, the title would indicate that as one of his functions.

The CHAIRMAN. It seems to me from what I have read of this that the comptroller would be an administrative auditor, and there may be a suggestion of an officer to receive and pay out money, but I do not think it should be the same person or a person in the same division that audits the accounts, or we would have the same condition we have now.

Mr. McMILLIN. Yes, sir; certainly.

The CHAIRMAN. Only it would be the comptroller instead of the chief inspector, and of course the personal equation is not involved. There might be no objection to the chief inspector continuing to receive and disburse the money if the accounts were passed upon by the comptroller's office, although it would seem to me as if the person who holds money and pays it out should have nothing to do with the keeping of the accounts and the formulation of the orders against the funds.

Mr. McMILLIN. On page 81, under "Relation of comptroller's division to other divisions and auditor"—

The CHAIRMAN. That suggests a division of finance?

Mr. McMILLIN. It says: "The comptroller's division would make an administrative audit of the payments by warrant." It goes on further down and states that "The files in the comptroller's office relating thereto would, however, always be accessible to the division of finance." So that report contemplates a division of finance, which certainly would handle all the funds. I am under the impression that it would add considerable work to the auditor and comptroller if they were required to sign the warrants that were issued by the division authorizing the expenditure. That would mean that if the inspection service were prepared to return money to the loser of a registered letter or an ordinary letter we would have to draw a war-

rant for it and then have it signed by the comptroller and auditor. That would contemplate three signatures. My understanding is that the committee desire to obviate as far as possible the duplication of work now performed. It would be perfectly proper for the chief inspector's office to certify to the disbursing officer all those claims that should be paid out of moneys that had been formerly collected by the chief inspector's force and deposited in the subtreasury to that particular account, and the disbursing officer could then draw a check for that amount without further signature or audit.

The CHAIRMAN. He could if the action of the chief inspector was to be regarded as conclusive, but if the Department is to have a comptroller that comptroller would naturally review the action of granting any warrant or it would mean his position would be superfluous.

Mr. McMILLIN. Your idea would be that when we have determined by an investigation that a particular person was entitled to \$10 for a loss he had sustained we would refer all the papers showing that fact to the comptroller, who would approve the disbursement?

The CHAIRMAN. That would be my idea, if the office of comptroller is established.

Mr. McMILLIN. That would be better than to have the warrant signed by so many people, because it causes delay, and then you would have, of course, the comptroller passing independently upon a case that the chief inspector had recommended, and if he was of the impression that the chief inspector was wrong he could reverse the decision and ask for a further investigation later.

The CHAIRMAN. And following the idea submitted by the accountants to the commission, the comptroller having acted, the papers would go to the Auditor for the Post-Office Department, who would still be an officer of the Treasury Department, for his final review, providing a double audit?

Mr. McMILLIN. No. I believe, Mr. Chairman, the intention here is to have the papers go to the division of finance. In these small matters I do not understand by the report that it is contemplated to carry these accounts in the Auditor's office; that really only such accounts as are appropriated by Congress are carried in the Auditor's office. The Auditor's accounts of course include the money-order transactions.

On page 68 is the recommendation regarding the finance division:

This division would have supervision over the whole of the financial portion of the business, so far as the same originates in, or is controlled by, the Department in Washington.

It would also handle and be responsible for all miscellaneous receipts which reach the Department through the various divisions, and as reported by its depositaries.

The CHAIRMAN. On page 83, under "Preparation and passing of vouchers for expenditures," you will observe:

An administrative audit of these expenditures should be made in the Comptroller's division, and the warrant portion signed by the Comptroller, after which the vouchers should be spread on voucher records, and the ribbon copy and the carbon, together with the supporting data, sent to the Auditor's office for the Treasury audit. The voucher records would be prepared in duplicate on book typewriters, copy thereof going to the Auditor. After audit the Auditor would file the carbon copy of the voucher and return the original, together with the supporting data, to the Comptroller, and sign the warrant portion, referred to later, and send it to the division of finance.

You will recall the suggestion in another part that these warrants are to be signed by the Comptroller and Auditor. The Auditor would not be called upon to sign a warrant unless he had something to support the propriety of his action?

Mr. McMILLIN. I presume he would sign it because he had charged it up to some particular fund and made a record of it.

The CHAIRMAN. Without reference to his views of the accuracy of the previous action?

Mr. McMILLIN. Yes, sir; he could not possibly have that at all times.

The CHAIRMAN. Then there would be no propriety in having him sign the warrant?

Mr. McMILLIN. Not any more than to indicate that the record of the warrant had been made in his particular department.

The CHAIRMAN. Simply that it was registered?

Mr. McMILLIN. That is it, exactly.

The CHAIRMAN. Assuming that my view of the meaning of these accountants is correct, that the Auditor is to pass upon the accuracy of every warrant drawn for his disbursement, is that idea practicable, is it necessary, and to what extent, if you can give any general idea, would it tend to delay the settlement of matters and create additional expense?

Mr. McMILLIN. It seems to me it would be very difficult for the Auditor to determine the accuracy of the payment. That would have to be determined by the division where the obligation was incurred, with the intention of making a payment to cover it. The Auditor would not be able to determine whether or not the warrant was properly drawn. He could only determine that it was in proper form and that a charge had been made against a certain appropriation for that warrant. My understanding in reading this report was that those matters of detail, like, for instance, the cash account which is carried by the chief inspector, from which disbursements are made, would be handled through the finance division, and, perhaps, the Comptroller's office, and would not go to the Auditor's office at all. It would certainly delay the transaction to have the papers all referred to the Auditor's office, to the finance division, and to the Comptroller. It would simply be an additional burden. If you have a system by which you can determine the accuracy of the claim and that it has been properly authorized, it ought not to be tied up after that time in the issuing of the warrant to pay it.

The CHAIRMAN. Were any suggestions made with reference to the methods of the chief inspector's office by the Keep Commission?

Mr. McMILLIN. I have no personal knowledge of it.

The CHAIRMAN. You have no knowledge of any changes having recently been made in the office?

Mr. McMILLIN. Only in so far as the conferences I have had with the chief of the depredation bureau. He is really the chief inspector's assistant. They had received suggestions as to the manner of performing the work there and had changed all the forms and had gotten the division into working order, really covering all the suggestions that had been made to them by the different commissions that had gone through the system of performing service and keeping records, and so, I believe, the chief inspector's office at the present time

is working in harmony with the recommendations of all the committees and commissions that have visited it up to the present report here.

The CHAIRMAN. Did these committees regard the changes as improvements or the reverse?

Mr. McMILLIN. A large proportion of them were improvements. Occasionally we would find something that would appear to us to, perhaps, add a little to the manner in which it had been performed. That, I believe, you would find in any case. It would be quite difficult for some one not familiar with the division to come into it and be able to advise you of the improvements and have them all improvements.

The CHAIRMAN. What effect upon the matter of expense did those changes have? Did they lessen or increase the cost of doing business?

Mr. McMILLIN. As a rule, I think they lessen the cost. We asked for no additional help this year over last year for the office force, although we are working up very close to the limit.

The CHAIRMAN. Will you make a statement of the changes and their effect and submit it to us?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. Are there any known criminals among the employes of the chief inspector's office whose salaries are provided for by the legislative bill?

Mr. McMILLIN. No, sir.

The CHAIRMAN. You have no ex-thieves regularly employed, and do not expect to have any ex-thieves employed in positions of that kind?

Mr. McMILLIN. No, sir.

The CHAIRMAN. Have you had time to investigate the question of whether there may not be a larger number of inspectors in certain places than are really required?

Mr. McMILLIN. Yes, sir. My predecessor recommended a reduction in the force of 15 men. When I went before the Committee on Post-Offices and Post-Roads I opposed a reduction in force and stated that it was my opinion that we could utilize all the men we had and that there should be at least 20 additional men placed in the city service. That is, while our field service was to a certain extent in fairly good condition, the work in the cities was behind considerably. Of course, on account of the recommendation I was not able to ask for an additional force over that we now have. All I asked for were the 377 men allowed by the bill we are now operating under. I do not wish to see that number reduced. It is my opinion that the inspectors have been urged to go through a post-office too rapidly, and that in order to make a record for themselves they would try to inspect too large a number of offices in a given time.

The CHAIRMAN. Were their ratings based upon the number of inspections made in a given time?

Mr. McMILLIN. Yes, sir. The former chief inspector had a system of rating that based their standing on the number of cases they returned to the Department each month. That I have discontinued for the reason that I believe it worked to the detriment of the service, as it would induce a man to hurry over a piece of work, hurry through

a post-office in checking up the accounts, and make that really the prime object of his visit, when, as a matter of fact, he should remain at the post-office long enough to see what the troubles are and what irregularities exist there, not only in the financial part but in every branch, and he ought to remain in the post-office long enough to give the postmaster an opportunity to talk over those things that bother him and to ask a number of questions he might desire to ask. I do not know whether you know it or not, but frequently a postmaster or some of the employees of the office become a little bit nervous and excited on account of the inspector's visit, and if he does not wait until they get to feeling in good spirits they are very apt to forget to ask the questions they had in mind to ask before he came. So I want the inspector to stay there long enough to be of some benefit to the postmaster and the employees, as well as to ascertain the financial standing of the office. Of course that means that we are going to consume more time in an office than we have heretofore, and as we have 35,000 post-offices to check, beginning July next, you can readily see that it is going to require considerable time to do that alone, not to mention the number of fraud cases that originate in large cities and that require an immense amount of time. It is not unusual for an inspector to spend two or three weeks or a month on one particular case. For that reason I am very much of the impression that if we benefit the service, as I think the inspection force should benefit it, that it would be much better to have a larger force than to have a smaller one.

The CHAIRMAN. When an inspection of a post-office is made, is the postmaster informed of the errors in his office—failure to comply with the technical requirements of the regulations?

Mr. McMILLIN. He is supposed to be informed of all those troubles, but I am under the impression, on account of this rush that has grown up, that he is not informed as fully as he should be. In fact, he ought to be not only informed of the difficulties or the irregularities in his office, but he should be advised how to overcome them.

The CHAIRMAN. Is that information made verbally or in writing?

Mr. McMILLIN. To the postmaster?

The CHAIRMAN. Yes, sir; by the inspector.

Mr. McMILLIN. It is verbal. The inspector makes no statement to the postmaster in writing at all; he makes a written report covering his inspection to the Department only.

The CHAIRMAN. Unless the postmaster notes his shortcomings and the advice of the inspector, is it reasonable to suppose that he can remember afterwards what has been gone over?

Mr. McMILLIN. I should think a postmaster should be able to do that in his own office. If he has so many irregularities that he can not remember all of them, he should not be there.

The CHAIRMAN. You have found the work of the inspectors in the cities behind?

Mr. McMILLIN. Yes, sir.

The CHAIRMAN. But you have not had an opportunity, have you, to ascertain generally the cause for that work being behind?

Mr. McMILLIN. No; the former chief inspector stated that that was the result of taking a large number of inspectors away from their regular assignments and having them investigate the office of the

Second Assistant Postmaster-General. That was true. There were a number of inspectors on that work for quite a long time. They were not all city inspectors. I made up some figures as to the actual amount of time used. I do not recall now just the number of men, but if they had been continuously employed for a year, my recollection is that it would have taken about 10 men, or possibly 12 men, to have covered all that work.

The CHAIRMAN. Did not your predecessor have some of the inspectors report upon the feeling of the people with respect to postal savings banks?

Mr. McMILLIN. The Postmaster-General sent a man to Canada to inspect the postal savings banks there. Outside of that there has been no work done as to ascertaining the feeling of the community on the subject of postal savings banks.

The CHAIRMAN. Or the postmasters?

Mr. McMILLIN. No, sir. He may have taken up the question to ascertain what a postmaster thought about it on his own account, but he was not especially detailed for that purpose.

The CHAIRMAN. Did any considerable number report on that question?

Mr. McMILLIN. No, sir; not that I recall.

The CHAIRMAN. How about the matter of parcel-post delivery?

Mr. McMILLIN. That is practically the same way. There has been no campaign made by the inspection service in either one of those matters.

The CHAIRMAN. There has been no canvass made?

Mr. McMILLIN. No, sir.

The CHAIRMAN. We will excuse you, Mr. McMILLIN, for the present. Thereupon the committee took a recess until 2.30 p. m.

POST-OFFICE DEPARTMENT, OFFICE OF CHIEF INSPECTOR,
Washington, February 29, 1908.

HON. IRVING P. WANGER,

Chairman Committee on Post-Office Expenditures.

SIR: I have the honor to state that practically all of the recommendations made by the committee appointed by the Postmaster-General to investigate the business methods and personnel of this division a little over a year ago have been carried into effect, and that these changes have resulted in economy both in labor and material.

The reduction in labor has been more than offset by the very rapid increase of the work of the office, the annual report for the fiscal year 1907 showing an increase of 18 per cent in the number of cases jacketed during the fiscal year 1907 over the preceding fiscal year, and the increase in the number of cases handled necessarily increases the correspondence and other business of the division. No increase in force was requested in the original estimate for the next fiscal year, as it was thought that the two positions detailed from this office to assist in the office of the chief clerk of the Department would be returned to us by July 1. However, as it became quite evident that these positions will not be returned, I requested the Postmaster-General on February 28 to supplement the original estimate and to ask for two additional \$900 grades for this office. We should have these positions at the present time, but by requiring considerable overtime on the part of the clerks we have been able to keep the work of the division in fair condition, although not current. If the business continues to increase as it has in the past, and the indications are that it will, the services of the two additional clerks will become imperative by July 1.

Many of the recommendations of the committee were left to administrative discretion, and their report was approved by the Postmaster-General subject

to the suggestions contained in a memorandum signed by my predecessor on February 26, 1907, concerning the feasibility of adopting some of the recommendations. The only recommendation of importance that has not been carried into effect is that pertaining to the preparation of C jackets, and at the present time the revised jackets are being prepared and the change will be given a trial in the near future. This change will result in a saving of material and make uniform the method of jacketing cases, but it remains to be demonstrated whether it will reduce the labor. The reduction, if any, will not be to the extent of offsetting the need of the two additional positions.

The following are extracts from the report of the Universal Postal Convention concerning the payment of indemnity on account of the loss of foreign registered mail:

"ARTICLE 8.—Responsibility for registered articles.

"1. In case of the loss of a registered article, and except in case of force majeure, the sender, or at his request, the addressee, is entitled to an indemnity of 50 francs.

"2. The countries disposed to take upon themselves the risks resulting from cases of force majeure are authorized to levy on that account from the sender a surtax not to exceed 25 centimes for each registered article.

"3. The obligation to pay the indemnity is incumbent on the administration to which the dispatching office belongs. There is reserved to that administration a remedy against the responsible administration—that is to say, against the administration on whose territory or in whose service the loss occurred.

"In case of loss, under circumstances of force majeure, on the territory or in the service of a country taking upon itself the risks mentioned in the preceding paragraph of a registered article originating in another country, the country where the loss has taken place is responsible therefor over against the dispatching office if that office takes upon itself any risks in cases of force majeure as regards its senders.

"4. Until the contrary is proved the responsibility rests with the administration which, after having received the article without making any remark, can not prove either its delivery to the addressee or its regular transmission to the next administration, as the case may be. As regards articles addressed *poste restante*, or held at the disposal of the addressee, the responsibility ceases upon delivery to a person who has proved his identity according to the regulations in force in the country of destination, and whose name and description are in conformity with the indications of the address.

"5. The payment of the indemnity by the dispatching office should be made as soon as possible, and at the latest within the period of one year dating from the day of the reclamation. The responsible office is bound to refund to the dispatching office, without delay, the amount of the indemnity paid by the latter.

"The office of origin is authorized to indemnify the sender on account of the intermediary office or the office of destination, which, after having been duly notified, has allowed a year to pass without attending to the matter. Moreover, in case an office, whose responsibility has been duly established, declines at the outset to pay the indemnity, that office must bear, in addition to the indemnity, the charges resulting from the unjustified delay to which the payment has been subjected.

"6. It is understood that the reclamation is only entertained if made within the period of one year from the time when the registered article was mailed; after this period has passed the claimant has no right to any indemnity.

"7. If the loss has occurred during transportation and it is impossible to ascertain on the territory of which country the loss took place the administrations concerned bear the loss in equal proportions.

"8. The administrations cease to be responsible for registered articles the addressees of which have given a receipt for them and have accepted them."

Section 13 of the regulations of the execution of the convention—indemnity, for the loss of a registered article.

"When the indemnity due for the loss of a registered article has been paid by one administration on behalf of another administration which is responsible, the latter administration is obliged to reimburse the amount within a period of three months after having been advised of the payment. This reimbursement is made either by means of a money order, or a draft, or in specie current in the creditor country. When the reimbursement of the indemnity involves expenses they are invariably borne by the debtor office."

The superintendent of the division of foreign mails, who was a representative at the Universal Postal Convention, in his report to the Second Assistant Postmaster-General for the fiscal year 1906, states that "payment of an indemnity of 50 francs (\$10) is made obligatory."

Information was received from the office of the Third Assistant Postmaster-General that you requested that official to furnish you with a copy of Form 565, showing the nature of the statement required of the postmaster at the office of origin of a registered article, and the affidavit required of the sender of a registered article. The form marked "A" is to be superseded by the form marked "B" within a short while. The revised form includes an affidavit of the addressee or owner of a registered article, and contemplates a more expeditious handling of applications for indemnity.

Very respectfully,

F. E. McMILLIN, *Chief Inspector.*

AFTER RECESS.

The committee resumed its session at 2.30 o'clock p. m., Hon. Irving P. Wanger (chairman) presiding.

STATEMENT OF MR. WILLIAM E. COCHRAN, PURCHASING AGENT, POST-OFFICE DEPARTMENT.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You are purchasing agent of the Post-Office Department?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And have been since when?

Mr. COCHRAN. July 1, 1904.

The CHAIRMAN. In your report for the last fiscal year, on page 5, you say:

Contractors for furnishing supplies for the Post-Office Department are required to furnish all of the articles contracted for which the Post-Office Department may need during the contract term.

Do all of the bureaus in the Post-Office Department conform to that, or do some of them get supplies which have not been contracted for by you?

Mr. COCHRAN. Yes, sir; I think so, although occasionally there are what are considered exigency purchases—that is, the ground is taken that no one could possibly anticipate every detail and every need of the Department for the coming year so as to make a contract for it, and also that the quantities purchased of some articles would be so small as scarcely to justify the making of a formal contract.

The CHAIRMAN. Do many of the chiefs of the bureaus adhere to that position at this present time?

Mr. COCHRAN. I think I have had requests to make purchases not covered by the annual contracts from all of them. I can not state that definitely, but that is my recollection.

The CHAIRMAN. I noticed in one of the papers a few days ago a statement that the contractor for furnishing ink complained that he was not receiving any orders to deliver, and upon inquiry it was discovered that ink tablets had been obtained without your knowledge, and they were used in lieu of the ink.

Mr. COCHRAN. That is not entirely correct. As a matter of fact, we had a contract for both ink and ink tablets. While we advertised for

a contract based on a large estimated quantity of ink, the supply division did not give me any requisition for it, and have not up to this time. There is a contract, however, for ink tablets, and they have been bought in considerable quantities.

The CHAIRMAN. Upon what basis did you invite bids for supplying this large quantity of ink?

Mr. COCHRAN. On estimated quantities furnished by the division of supplies, office of the Fourth Assistant Postmaster-General.

The CHAIRMAN. Then your action was responsive to theirs?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And their action now in calling for supplies has been inconsistent with their recommendation on which you invited bids?

Mr. COCHRAN. To the extent that they have bought ink tablets and have not asked me to buy any ink for the postal service; that is, any of the large item of ink. In the proposal and specifications for supplies for the current fiscal year, under item 230, we invite bids for 2,500 dozen writing fluid, quarts or pints, as may be ordered, and describe the way in which the ink shall be packed and the boxes in which it shall be put. Under that item I have made no orders for ink for the postal service because I have had no requisitions for it, and I could not make purchases without a requisition.

The CHAIRMAN. Who is chief of that division of supplies?

Mr. COCHRAN. Richard P. Covert.

The CHAIRMAN. Was he chief at the time the estimate was submitted?

Mr. COCHRAN. Yes, sir.

Mr. FAIRCHILD. Have you anything to show, any printed list of the articles that come within your Department which you purchase?

Mr. COCHRAN. I have here a schedule of all our regular contracts for supplies, but that will not show the amounts that have been purchased. I will have to make a compilation from my books and give it to you. It would take considerable time, but it can be furnished. The annual report shows the amounts that were expended from different appropriations for the last year, but does not, perhaps, go into the details that Mr. Fairchild had in mind.

The CHAIRMAN. The so-called emergency purchases of small articles not embraced in contracts were made through you?

Mr. COCHRAN. Yes, sir. I understand your question to relate principally to the purchases made on requisitions from the division of supplies?

The CHAIRMAN. Either class of purchases.

Mr. COCHRAN. Of course, the main bulk of purchases are made for the division of supplies.

The CHAIRMAN. Are there other purchases made that do not come through this division?

Mr. COCHRAN. Yes, sir. I have the purchases of the Post-Office Department proper, as distinguished from the postal service; and then each bureau has a small miscellaneous appropriation from which occasional purchases are made, but not in any great quantity; but they are available for the purchase of some articles for the postal service not purchased by the division of supplies through their appropriations.

The CHAIRMAN. Is there any friction between either you and the division of supplies or the several bureaus, or any of them?

Mr. COCHRAN. Well, I can perhaps answer that by saying that the regulations governing my office, especially with reference to the division of supplies, are not satisfactory to me.

The CHAIRMAN. There was an order prior to the order of July 17, was there not?

Mr. COCHRAN. Yes. There was an order of April 16. I do not think that that took the shape of a formal regulation, but it had the same effect.

The CHAIRMAN. Is that printed in the report?

Mr. COCHRAN. I do not think it is.

The CHAIRMAN. Can you furnish the committee with a copy of it?

Mr. COCHRAN. I can. The original order framing the regulations required by law for the Government of the purchasing agent's office was, I think, dated November 29, 1904.

The CHAIRMAN. That is what is printed in the Supplement to the Postal Laws and Regulations, beginning on page 12?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Following that came the order No. 553, of July 17, 1907, which is printed as "Exhibit 3 B," on page 132 of the report of the Joint Commission on Business Methods?

Mr. COCHRAN. No; you have overlooked the order of April 16, making a change from the original regulation.

The order of April 16, referred to above, follows:

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., April 16, 1907.

Order No. 277.]

Ordered, That hereafter, in the purchase of supplies for the Post-Office Department and the Postal Service, the following procedure shall govern:

The officer having control of the appropriation shall make requisition upon the purchasing agent for the supplies needed. The purchasing agent shall furnish such officer with a copy of the order for the supplies, showing the price to be paid. When the supplies have been received in accordance with the order, the officer receiving them shall certify the fact of receipt to the head of the bureau having charge of the appropriation from which payment is to be made. Bills shall be rendered to the head of such bureau, who shall prepare vouchers in duplicate, certifying as to the correctness of the bill they cover and stating specifically whether the supplies received correspond in quantity and quality to the order. The bill and vouchers, after having been certified to by the bureau officer, shall be forwarded to the purchasing agent for his approval. If the item covered by the bill is entered on a journal, the journal sheet shall be certified to by the head of the bureau concerned and then submitted to the purchasing agent for his approval.

G. V. L. MEYER, *Postmaster-General*.

The CHAIRMAN. Following that order No. 277 of April 16 came order No. 553?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And following order No. 553 came order No. 966 of December 21, 1907?

Mr. COCHRAN. Yes, sir.

Following is order No. 966, referred to:

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., December 21, 1907.

Order no. 966.]

Ordered, That the business of the Fourth Assistant Postmaster-General, division of supplies, and of the purchasing agent shall be governed hereafter

by the following regulations, and all regulations inconsistent therewith are hereby rescinded:

Purchase of contract items.—Orders for contract items shall be drawn in five copies by the Fourth Assistant Postmaster-General (division of supplies). The original order and one copy shall be sent to the purchasing agent and one copy to the receiving clerk of the division of supplies. One copy shall be held in the open-order book, and the fifth copy shall go to the Auditor with the bill. The original order will be signed by the purchasing agent and mailed to the contractor and the duplicate retained by him and filed as a record of the transaction.

Open-market purchases.—When an article not under contract is required by the division of supplies, a purchase requisition calling for the item desired shall be drawn by the Fourth Assistant Postmaster-General (division of supplies) and forwarded (with sample, if possible, of the goods desired) to the purchasing agent, who shall prepare specifications, which shall be sent to three or more responsible dealers, accompanied, whenever practicable, by samples or a statement as to where the goods may be seen. On receipt by the purchasing agent of the bids and samples from the bidders he shall submit them to the board of inspection, who shall examine them, mark the accepted samples, and recommend an award. The samples and bid thus approved shall then be forwarded to the Fourth Assistant Postmaster-General (division of supplies), who shall draw an order in the manner described in the preceding paragraph.

Receipt of goods.—When goods are received by the division of supplies, they shall be opened by the receiving clerk, who shall carefully count and check them and make out in quadruplicate a receiving ticket showing the quantity received, which he shall certify. The original receiving ticket shall be sent to the Auditor, the duplicate to the purchasing agent, the triplicate to the book-keeping section of the division of supplies, and the quadruplicate shall remain as a permanent record in the receiving clerk's book. The receiving ticket shall then be checked with the invoice, and if the quantity is found correct the ticket shall be placed in the waiting file attached to the invoice until a certificate of inspection approving or disapproving the goods shall have been received.

Checking invoice.—When an invoice has been checked and certified as to price and receiving ticket showing receipt of goods and the certificate of inspection have been received, the procedure shall be as follows: If accepted, the invoice, the certificate of inspection, and the order (if completed, otherwise the order to remain in the file until filled) shall be fastened together and forwarded through the Fourth Assistant Postmaster-General to the Postmaster-General for signature and transmittal to the Auditor for payment. If rejected, the Fourth Assistant Postmaster-General (division of supplies) shall at once cause a notice of rejection to be made in four copies, the original to be sent to the contractors and to contain a notification to remove the goods within a specified period or they will be sent to storage at the contractor's risk and expense; the duplicate to the purchasing agent for his information in order that he may advise the contractor in writing of the reasons for rejection (a copy of this letter of the purchasing agent being sent to the Fourth Assistant Postmaster-General (division of supplies) in each instance for his file); the triplicate to the receiving clerk as instructions to him to repack the goods; the fourth copy to remain in the book as a permanent record in the division of supplies. If the contractor does not make arrangements to remove the goods within the period specified, the receiving clerk will consider the notice of rejection sufficient for sending them to storage.

Purchasing agent's record.—The purchasing agent will have the following record: A copy of the original order, the receiving ticket (showing the quantity received), and the certificate of inspection (showing whether the goods have been accepted or rejected), which will give him accurate knowledge of the condition of every order for the division of supplies.

Invoices.—A uniform invoice shall be devised by the Fourth Assistant Postmaster-General (division of supplies) and two copies of it shall accompany each order sent to a contractor or successful bidder.

Printing.—An expert qualified to pass upon the details of requisitions for printing and binding shall be assigned to the division of supplies to represent the chief clerk of the Department in supervising the expenditure of such portion of the allotment of the Public Printer's appropriation for printing and binding as is used in providing blanks and blank books for the postal service.

The superintendent of the division of supplies will request him to supply printed matter whenever required, and the expert printer will prepare for the signature of the chief clerk of the Department formal requisitions on the Public Printer. All proofs of printed matter ordered for the division of supplies will be sent direct to it, and the superintendent will be held responsible for the prompt and proper handling thereof. On receipt of the printed matter by the division of supplies the chief clerk shall be furnished with a copy of the receiving ticket, signed by the clerk in charge of such matter, in order that the chief clerk's record may be completed.

G. V. L. MEYER, *Postmaster-General*.

The CHAIRMAN. Do you understand that these orders of the Postmaster-General are in consequence of any recommendations of the Keep Commission?

Mr. COCHRAN. No, sir; I do not so understand.

The CHAIRMAN. Did that commission make any suggestions with reference to the conduct of your business as purchasing agent?

Mr. COCHRAN. Not to my knowledge. I was a member of the subcommittee on supplies of the Keep Commission, and probably if any action had been taken it would have been taken by the subcommittee to which I belonged.

The CHAIRMAN. You know there was no action taken by that subcommittee?

Mr. COCHRAN. There was not. I joined in the report of that subcommittee, and it was published.

The CHAIRMAN. Have you read the report of the accountants employed by the Joint Commission on Business Methods?

Mr. COCHRAN. I have not read all of it, Mr. Chairman.

The CHAIRMAN. I mean so much of it as relates to your functions.

Mr. COCHRAN. I have read all that I could find. I have read that part beginning on page 16 and also that part on page 100, and I think somewhere in the 70's there was some little reference to it.

The CHAIRMAN. On page 70 there is "Division 7, purchasing agent," and then the "division of supplies."

Mr. COCHRAN. There is also a reference made to the purchasing agent on page 84.

The CHAIRMAN. And you have read that?

Mr. COCHRAN. I have read that.

The CHAIRMAN. So far as your reading has extended, do you regard the statement of facts made by the accountants as correct or not?

Mr. COCHRAN. I have no exceptions to take to their statement of facts. I do not entirely agree with their conclusions.

The CHAIRMAN. Are you prepared at present to state what conclusions you take issue with?

Mr. COCHRAN. If my view of the law is correct—and I base that on the debates in Congress when the enactment was under discussion—it was the intention of Congress to place in the hands of the purchasing agent the responsibility for all supplies, both as to purchase and as to distribution. I may be wrong about that. This recommendation of the accountants would leave me nothing whatever to do with the distribution of supplies, and it also states that it would not be necessary for the purchasing agent to keep any accounts. There has been a law that has been a section of the deficiency bill for the last two Congresses that states that anyone responsible for overdrawing an appropriation shall be removed from office and suffer other pen-

alties, and I have thought that the person who issued an order which would cause an excess of appropriations would be responsible. The accountants, however, harmonize or justify their position by recommending that the purchasing agent be relieved from all responsibility for overdrawing an appropriation.

The CHAIRMAN. The accountants assume that there will be a change of law; and if the law is modified so as to relieve you of the responsibility, then what objection have you?

Mr. COCHRAN. I would not have any. I would be entirely satisfied, so far as I am personally concerned, to serve under any law, so long as I was following the law and not having responsibility placed on me without adequate authority.

The CHAIRMAN. What is your opinion of the wisdom of the suggestion that you be relieved of the responsibility for the distribution of supplies?

Mr. COCHRAN. Well, possibly there might be a little personal matter enter into my answer. I am inclined to think that it would be better to place all of the responsibility, both for the purchase and distribution, on one official. He could, I think, avoid the making of estimates which would result in contracts under which no purchase was made, as well as largely exceeding the estimates for which contracts were made; and if he did not, the responsibility for it would rest on one person and not on several.

The CHAIRMAN. How many storerooms for supplies have you at present?

Mr. COCHRAN. Only one.

The CHAIRMAN. Here in Washington?

Mr. COCHRAN. Yes, sir. I should, perhaps, amend that by saying that during the first year of my service as purchasing agent I arranged for a room in a station of the New York post-office from which twine and other supplies could be distributed; but, largely on account of the position taken by the Comptroller when the matter was submitted to him, we were not able to do anything with it. The Comptroller decided that we could neither detail anyone from the Department in Washington to take charge of that nor could we detail them from the post-offices, so that that left us without anybody at all to do the work. I understood you to mean the postal service as distinguished from the Post-Office Department. There is a storeroom for the supplies of the Post-Office Department proper. I did not understand that you were inquiring in relation to that.

The CHAIRMAN. I meant generally, so as to include both the Department and the postal service.

Mr. COCHRAN. We have a storeroom for supplies for the Post-Office Department, as distinguished from the postal service, in the basement of the Post-Office Department building, but that is only for the use of the clerks and employees in the Department building and in the buildings rented in Washington—those that belong to the Post-Office Department proper, as distinguished from the postal service. The supply division has nothing to do with the supplies for the Post-Office Department proper.

The CHAIRMAN. It is only for the postal service?

Mr. COCHRAN. Yes, sir; only for the postal service.

The CHAIRMAN. Are the needs of the postal service largely filled by direct delivery by the contractors to the officers requiring the supplies?

Mr. COCHRAN. In some lines of supplies. All stamped envelopes are sent either to the subagencies or directly to the post-offices by which they are ordered. The street letter boxes and the package boxes are shipped from the contractor's factory at Cleveland. The registry envelopes are shipped from the factory. The postal service envelopes are shipped from the factory. The printed facing slips are shipped by the printer at White Haven, Pa. None of those come to the Department at all. Letter presses are shipped from a place near Chicago. Trucks and baskets are shipped from Kennebunk, Me. Another kind of basket is shipped from Peterboro, N. H. I think that is about all. The money-order forms are sent by registered mail by the contractor, who at the present time is the Public Printer. The rural free-delivery distributing cases and stools are sent to the different post-offices by the contractor from High Point, N. C. Typewriters and adding machines are also sent to the post-offices direct by the contractors. As near as I can recollect, all other supplies are delivered in Washington and distributed by the supply division.

The CHAIRMAN. What do the other supplies consist of?

Mr. COCHRAN. All kinds of stationery, printed matter, ink, pencils, slips, filing devices—practically everything enumerated in this pamphlet [indicating].

The CHAIRMAN. That is the pamphlet entitled "Award of Contracts?"

Mr. COCHRAN. Yes, sir. In all cases in that pamphlet where the delivery is not to be made in Washington, you will find it specially mentioned.

The CHAIRMAN. Would there not be a considerable saving if there were supply depots in several different cities over the country?

Mr. COCHRAN. I think so. But that might possibly complicate the letting of contracts; we could scarcely expect the same prices for delivery in San Francisco that we would for Buffalo, at least if the contractor was located anywhere in the East, and it might possibly result in having different contractors supplying the different supply stations, and perhaps we might not get uniformity in supplies. I do not mean to say that I do not think that would not be a good thing, except that I simply suggest these things that would perhaps need to be considered.

The CHAIRMAN. There might be certain supplies where it would be practicable and advantageous to invite bids for part or all of the quantity that it is estimated would be necessary for the service, leaving the option of either accepting separate bids or accepting a lump-sum bid, if that seemed to be a better way.

Mr. COCHRAN. We have tried that under twine for several years, but have never been able to make an award except for the whole amount, as you will see from the specifications on item No. 1150, and to one contractor.

The CHAIRMAN. Have you the specifications for twine on item 1150 here?

Mr. COCHRAN. I have.

The CHAIRMAN. Set out?

Mr. COCHRAN. Yes.

Mr. FAIRCHILD. Are you satisfied with the awards that have been made under you for twine?

Mr. COCHRAN. I should always be better satisfied if we had more competition than we have been able to get under our present specifications for twine, but at the same time I do not think that we have paid any excess of the market prices for the twine that we have had, and I think that we have got favorable prices compared with the state of the market when the award was made. We are paying more now for jute twine than we would pay if we were able to go into the market at this time, but that is because jute has gone down since the contract was made, and we will, in my judgment, be able to let a contract for next year's supply at a considerably lower rate than we are paying this year for that reason.

The CHAIRMAN. Is the present contractor for twine a manufacturer?

Mr. COCHRAN. He is not.

The CHAIRMAN. Does it require special machinery to make the sort of twine that is called for?

Mr. COCHRAN. I understand that it does, because our twine is not a commercial twine. It is one that is made especially for our purposes.

The CHAIRMAN. Wherein does it differ from the commercial article?

Mr. COCHRAN. Well, we specify the tensile strength and the yardage to the pound, and I am told by the man that makes the twine that it is different from the regular commercial article. Our twine is 2-ply, and I understand that almost all commercial twine is 3-ply. The 2-ply twine was first used in the postal service after I became the purchasing agent, and in my first annual report I stated that we had saved about \$65,000 that year by making the change.

The CHAIRMAN. That is, the change from 3-ply to 2-ply?

Mr. COCHRAN. Yes.

The CHAIRMAN. Do you think that saving has continued?

Mr. COCHRAN. No, sir. You can not save it any more than once.

The CHAIRMAN. You mean in the whole period?

Mr. COCHRAN. I meant for that year.

The CHAIRMAN. In calling for 2-ply twine since then—

Mr. COCHRAN. We can always get 2-ply twine cheaper than 3-ply. If we should go back now and call for 3-ply twine we could not anywhere nearly get our 3-ply twine with the appropriation.

The CHAIRMAN. Does jute have greater tensile strength than cotton?

Mr. COCHRAN. Strand for strand, I think it does. We have never used cotton in the postal service since I have been purchasing agent, so that I am not specially familiar with it, but all the cotton twine that has ever been presented to me for consideration, instead of being about a 3-ply would run 5 or 6 ply, and up to as high as 10-ply, sometimes. The jute is a long fiber. It runs something like flax. The fiber runs pretty much the length of the stalk, while cotton is a short fiber, and I am told that it can not be twisted beyond a certain point; otherwise it will kink and break. But I do not profess to be able to speak on that from experience. It is only from information.

The CHAIRMAN. How do the prices for jute and cotton compare?

Mr. COCHRAN. Raw cotton now sells for about 12 cents a pound. To spin and pack the cotton, I am told, would cost about 8 cents a pound. Allowing for handling and profit on cotton twine, I think it could not be delivered here for less than 22 or 23 cents, whereas we pay 13 cents for jute.

The CHAIRMAN. You are paying that now?

Mr. COCHRAN. Yes.

The CHAIRMAN. And you expect to get it cheaper?

Mr. COCHRAN. Yes.

The CHAIRMAN. And have got it cheaper heretofore?

Mr. COCHRAN. Oh, yes; decidedly. You see, raw cotton is only 1 cent under jute manufactured and delivered to us.

Mr. FAIRCHILD. About what is the aggregate of money paid for twine under you by the Government?

Mr. COCHRAN. This year it will aggregate about \$300,000.

The CHAIRMAN. Have the spinners of cotton twine been afforded an opportunity to bid?

Mr. COCHRAN. I have every cotton spinner in the South whose address I can get on my mailing list. Senator Clay and Colonel Livingston, of the House, have taken the matter up with me a number of times, and I have always told them that I should be glad to send invitations to bid to any address they could furnish me. I have always done so. As a matter of fact, I have never had, since I have been in the service, a bid on cotton twine. There was a man who would have made a bid, who came in once after the bids were opened, but it was too late. But the twine that he proposed to furnish would not have answered our purpose, because it did not have the proper strength. It was such as they use in tying up parcels in the grocery stores, and we could use that kind of twine for tying letters.

The CHAIRMAN. Could the paper twine be used?

Mr. COCHRAN. I do not know.

The CHAIRMAN. Do you know how it would compare in price with jute?

Mr. COCHRAN. I have no information on that. There is nothing in the specifications that would shut out a bid for paper twine.

The CHAIRMAN. Under Item 4, "Crane's Japanese linen paper, or equal thereto," what paper was contracted for?

Mr. COCHRAN. It is supplied by John A. Dushane, of Baltimore, at 20 cents a pound.

The CHAIRMAN. Are they exclusive manufacturers of Crane's?

Mr. COCHRAN. They do not manufacture it at all. I confess I am unable to say whether that is the real Crane's Japanese paper, but I suppose it is. I can send you samples. All of Crane's paper is made at the mills at Dalton, Mass.

The CHAIRMAN. Are there papers equal thereto?

Mr. COCHRAN. Not in the judgment of the people who insist on having Crane's.

The CHAIRMAN. If a preference was given for Crane's Japanese linen paper, it is because of the insistence of the bureaus that use the paper that it is specified, not on account of any predilection of yours?

Mr. COCHRAN. Not at all.

The CHAIRMAN. Item 30, "A Pirie & Son, Scotch gummed paper." Why is that specified?

Mr. COCHRAN. You understand these specifications are all made up before they come to me, and while I do not recall this particular item, in every case where I allow an article specifically named to stand it was on the assurance that that article was necessary for the service and that there was not another that would take its place.

The CHAIRMAN. This article is for use in which particular bureau?

Mr. COCHRAN. It is for use both in the postal service and in the Post-Office Department proper. I should say more would be used in the Department than outside.

The CHAIRMAN. It is used for what particular purpose, if you know?

Mr. COCHRAN. It is used for printing labels and for seals. The quantity is not large.

The CHAIRMAN. Why is "Underwood's everlasting bank" specified as the ink under Item 235?

Mr. COCHRAN. Because that was specially called for.

The CHAIRMAN. "Stafford's commercial," under 237?

Mr. COCHRAN. For the same reason.

The CHAIRMAN. And "Stafford's writing and copying," under 238?

Mr. COCHRAN. For the same reason.

Mr. FAIRCHILD. It was called for by whom?

Mr. COCHRAN. By the supply division and by the Post-Office Department proper.

Mr. FAIRCHILD. How are those calls for supplies made up?

Mr. COCHRAN. They are made up by the office in which the supplies are to be used or from which they are to be distributed. In the bulk of these estimates the specifications are made and the quantities given by the supply division, but these contracts are also utilized by the Post-Office Department proper, and in a certain portion of them the specifications are first made and quantities given by the Superintendent of the Post-Office Department building.

Mr. FAIRCHILD. So that the preference of some man or some division would have weight in making up the articles to be competed for?

Mr. COCHRAN. Yes, sir; I think I ought to say this, however, that my experience has been that if we did not get a contract for a particular article that was desired I would be compelled during the time of the contract to go outside and make open-market purchases for it, regardless of the fact that we had a contract for something else.

The CHAIRMAN. Have you had such experience?

Mr. COCHRAN. I have.

The CHAIRMAN. In the last year?

Mr. COCHRAN. Every year.

The CHAIRMAN. Can you mention an instance during the last year?

Mr. COCHRAN. Well, I have had to get a particular brand of Faber's pencils.

The CHAIRMAN. For which bureau?

Mr. COCHRAN. For the First Assistant's bureau. I had a requisition for a particular brand of ink for the Postmaster-General's clerks, but it was recalled. I can not begin to mention all of them, but it is not an infrequent occurrence.

The CHAIRMAN. Will you make up a list of those?

Mr. COCHRAN. Yes, sir. It will take a little longer, however, than to furnish the other things.

The CHAIRMAN. All right. Take your time.

Mr. FAIRCHILD. I notice, as to the adding machines, in the list of adding machines used by the Government, that various makes are called for.

Mr. COCHRAN. Yes, sir.

Mr. FAIRCHILD. Who determines as to the kind of adding machine that is to be used in the various departments?

Mr. COCHRAN. You mean after the contracts are let, or who determines the award?

Mr. FAIRCHILD. Who calls for a particular kind of machine?

Mr. COCHRAN. The office that has to use it asks that we get a certain kind.

Mr. FAIRCHILD. I notice there is no call there for Burroughs machines, which I understand is the successful adding machine of the country.

Mr. COCHRAN. The explanation of that is this: The time set for opening the bids was the 22d of April, 1907, and directly under the advertisement was this note:

Proposals to receive consideration must reach the office of the purchasing agent, Post-Office Department, not later than 2 o'clock p. m., April 22, 1907, and the Department will not give consideration to any bids which are received at a later hour or date, whatever may be the cause of the delay.

The bid of the Burroughs Adding Machine Company was not mailed in Detroit until 7.30 o'clock, April 21, and did not reach my office until the morning of April 23, after all the other bids had been opened and publicly read. The Postmaster-General had declined to allow the Public Printer to put in a bid after the opening, and when this matter was submitted to him he followed my recommendation in not allowing their bid to be considered, because in view of the positive statement mentioned it would be improper.

Mr. FAIRCHILD. How many adding machines have you purchased?

Mr. COCHRAN. Ninety-four; 35 Burroughs, 19 Wales, 18 Universal, 13 Pike, 4 Comptograph, 3 Standard, 1 Comptometer, and 1 Mechanical Accountant; the Burroughs machines purchased had all been in use for some time before the award was made, and it was thought that it would be unfair to them to refuse to purchase them. Until this year the Burroughs adding machine had practically a monopoly in our Department. I do not believe that half a dozen machines of all other makes combined had ever been purchased before that time. The Burroughs adding machine had notice of the invitation for proposals, the same as the others. They bid on the regular blank, and I could not consent, so far as I could control the matter, to having their bid considered.

The CHAIRMAN. How soon after March 11, 1907, did notice of the invitation for proposals go out?

Mr. COCHRAN. Within a very few days, if not on that date. We tried to have the proposals ready for distribution about the date of the advertisement.

Mr. FAIRCHILD. Adding machines vary in excellence and quality of manufacture, and so forth. Do your bids take that into consideration, or does your notice for bids take that into consideration?

Mr. COCHRAN. As a matter of fact, we awarded the contract for all standard machines that were offered, both in adding machines and in typewriters.

Mr. FAIRCHILD. But the Burroughs machine and the Universal machine and the Pike machine vary in their selling price?

Mr. COCHRAN. Yes.

Mr. FAIRCHILD. And I presume in the cost of manufacture?

Mr. COCHRAN. I suppose so, but I have no special knowledge about that. There never was a contract for adding machines until this year.

Mr. FAIRCHILD. But you do not take into consideration in calling for bids the quality of machine or the fact that the machines do retail in the market one machine for more than another?

Mr. COCHRAN. No, sir. I could not very well specify any one machine. I have to have the invitation to bid just as broad as possible so as to invite the fullest possible competition.

Mr. FAIRCHILD. But in awarding your contracts?

Mr. COCHRAN. In awarding the contracts the committee recommended a contract for every standard machine that was offered, and in the requisitions that come to me from the supply division the kind of machine I am to buy is named.

Mr. FAIRCHILD. But if the Burroughs machine retails for \$275 and the Universal machine for \$200, would you take that into consideration in opening, or after the bids were opened, would you take that into consideration?

Mr. COCHRAN. No, sir. There are some officers who would insist upon having a Burroughs machine and other officers whose needs would be supplied by a cheaper machine. Now, we have under contract two nonlisting machines, and they are very much cheaper than the listing machines. We have calls for machines of that kind, and for the use for which they are wanted they are just as good as the listing machines.

The CHAIRMAN. Bids for adding machines were accepted from how many different bidders?

Mr. COCHRAN. There were 9 different bidders.

The CHAIRMAN. What is the number of the item?

Mr. COCHRAN. Item No. 363.

The CHAIRMAN. There were 9 different bidders, each for a different type of machine?

Mr. COCHRAN. Yes, sir; and 9 different awards.

The CHAIRMAN. And these are at prices ranging from \$165 each up to \$360 each?

Mr. COCHRAN. Yes, sir.

Mr. FAIRCHILD. Does the person who is to use the calculating machine practically dictate what machine is to be furnished?

Mr. COCHRAN. The operator of the machine has to put his request to the assistant postmaster or the postmaster, and while I assume that his wishes would control, it does not necessarily follow; but the selection is made by the office in which the machine is to be used, under our present practice.

The CHAIRMAN. In other words, the postmaster at Chicago, for example, determines what calculating machines are to be used in the Chicago post-office?

Mr. COCHRAN. If he gets any at all he does, with the exception that this year he would not be able to get a Burroughs machine, unless it had been in use in his office before the award was made.

The CHAIRMAN. And the manufacturers of these machines canvass the different offices throughout the country and endeavor to prejudice the officers in favor of their particular machine?

Mr. COCHRAN. I understand that they do.

The CHAIRMAN. Has there been any determination by the Department of the relative merits of the different makes of these calculating machines?

Mr. COCHRAN. There was a committee appointed a year ago last fall to examine into the whole subject, and that committee did make a report to the Postmaster-General, which is now in my files.

The CHAIRMAN. When you purchase in the open market, where you have a contract besides, how do the prices compare?

Mr. COCHRAN. They are naturally higher in the open market.

The CHAIRMAN. What articles were purchased last year?

Mr. COCHRAN. I said awhile ago that I would furnish a list. I named two.

The CHAIRMAN. Can you have that list by to-morrow?

Mr. COCHRAN. I can have a list, but I would not guarantee to make it complete, because it will require considerable searching of the files and records. Of course, those things that we can recall ourselves we can turn to immediately. I presume you will want a full list, and I do not know whether I can get that by to-morrow or not.

COMMITTEE ON EXPENDITURES, POST-OFFICE DEPARTMENT.

HOUSE OF REPRESENTATIVES.

Washington, D. C., February 27, 1908.

The committee met at 2.30 o'clock p. m.

Present: Messrs. Irving P. Wanger (chairman) and George W. Fairchild.

WILLIAM E. COCHRAN was recalled for further examination.

TESTIMONY OF WILLIAM E. COCHRAN.

The CHAIRMAN. Mr. Cochran, I have before me your report as purchasing agent for the fiscal year 1905 in which I notice that you have a comparative statement of prices paid for supplies by the several executive departments for the fiscal year ending June 30, 1906, which shows great variances in prices paid by different Departments for the same article.

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. The prices given for supplies to the Post-Office Department were under contracts which you had awarded, you and the Postmaster-General.

Mr. COCHRAN. They were.

The CHAIRMAN. Were they uniformly lower than in any other Department?

Mr. COCHRAN. Not in every instance; no, sir.

The CHAIRMAN. To what do you attribute the higher price, where there is a higher price?

Mr. COCHRAN. Well, it might possibly have been that we did not use so large quantities as the other Departments. It might possibly

have been that for some purposes of the postal service we needed a slightly better quality than the other Departments used. I could not tell you now without making an examination of each particular case, and the report is nearly three years old so that the matter is not fresh in my recollection.

The CHAIRMAN. Have you looked up that subject recently to ascertain whether similar variances continued?

Mr. COCHRAN. I was, as I stated yesterday, a member, and am still a member, of a subcommittee of the Keep Commission, that considered that same subject. We had the contracts for a subsequent year and a few instances are mentioned in a report of that subcommittee, which I have handed to you.

The CHAIRMAN. That is the report of the subcommittee on supplies to the Committee on Department Methods and the report thereon of the Committee on Department Methods, the latter report being dated September 6, 1906.

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Has anything been done in the way of departmental action along the line of the recommendations of the Keep Commission touching the purchases of Department supplies?

Mr. COCHRAN. Under the opinion that was secured at our request, the Attorney-General thought that nothing could be done without legislation. That opinion, I think, you will find as an appendix to that report. An effort had been made last year and this year to secure legislation, but it has not been successful so far.

The CHAIRMAN. The Attorney-General in that opinion said: "I see no reason, however, why an advertisement may not lawfully be issued in the name of all the Departments for supplies common to all, providing the advertisement contains the quantity required by each," etc. Has such an advertisement been issued?

Mr. COCHRAN. No, sir; but I should perhaps state that last year the board provided for by the Dockery Act—the act amending section 3709, I do not recall its date, but the act required that all bids for stationery and miscellaneous supplies furnished in Washington should be submitted to a board consisting of an Assistant Secretary of the Treasury and Assistant Secretary of the Interior and an Assistant Postmaster-General before they are accepted. That law is still in force, and that board last year appointed a committee of subordinates to try to frame a common schedule.

The CHAIRMAN. Has it succeeded?

Mr. COCHRAN. It has not so far.

The CHAIRMAN. When was it appointed?

Mr. COCHRAN. Last year.

The CHAIRMAN. 1907?

Mr. COCHRAN. Yes, sir; 1907.

The CHAIRMAN. Since the last advertisement for contracts?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And when will the next advertisement be due?

Mr. COCHRAN. Under that same act the Secretary of the Treasury fixes the date on which all Departments advertise for general supplies, and that has not been done this year. The advertisement last year was issued on the 11th of March.

The CHAIRMAN. And near the time when the date should be fixed.

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Have you a statement showing the difference in prices between articles purchased by you under contract and articles purchased in the open market upon requisitions of the bureaus, and what they term exigency cases?

Mr. COCHRAN. That statement will not be ready until to-morrow. Mr. Chairman. It begins with the 1st of July. I do not know whether you want it to cover any longer period than that or not. There is considerable work connected with it.

Mr. FAIRCHILD. Who makes these requisitions for articles that are not bid for competitively?

Mr. COCHRAN. Well, that depends on whether they are for the postal service or for the Post-Office Department proper. If they are for the postal service, they are in most instances made by the Fourth Assistant Postmaster-General, division of supplies. If they are for the Post-Office Department, they are usually made by the superintendent of the building, who is also the chief clerk of the Department.

Mr. FAIRCHILD. Well, approximately, what is the amount involved in the expenditure for articles under these special requisitions?

Mr. COCHRAN. Do you mean those articles that are practically the same as those for which we have contracts or those for which we have no contract?

Mr. FAIRCHILD. Those for which you have contracts.

Mr. COCHRAN. I would rather defer my answer to that question until I have the list completed, if that is satisfactory to the committee. It would be in the nature of a guess now.

Mr. FAIRCHILD. Very well.

The CHAIRMAN. Has any action been taken to standardize the supplies for the Post-Office Department?

Mr. COCHRAN. No, sir; I think not. There is, I believe, a committee that is working on forms and blanks and records, but I do not know of any other effort in that direction.

The CHAIRMAN. Do you recall any class of articles used by the Post-Office Department which might with great advantage be standardized?

Mr. COCHRAN. I have thought that we ought to get standard trucks and baskets. We spend quite a considerable amount of money for trucks and carrying baskets for the large offices, and particularly with New York and Chicago: we find either that we have not the right kind or at least that they do not appear to meet the needs of those offices, and we have had to get them outside of the contracts for those places.

The CHAIRMAN. You have a uniform kind in the Department, have you, for use there?

Mr. COCHRAN. Well, the needs in the Department would not be quite the same as they would be in a post-office. There is a different kind of work to do.

The CHAIRMAN. Then different post-offices require, or imagine they require, different kinds?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Can you tell us how many purchases you made outside of the regular contracts for those articles in the last year?

Mr. COCHRAN. I could tell you; I can not state it now.

The CHAIRMAN. Will you look that data up and furnish it to us?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. You had better get it for the current fiscal year.

Mr. COCHRAN. You mean especially with regard to trucks and baskets? *

The CHAIRMAN. Yes. Now, are there any other articles that occur to you?

Mr. COCHRAN. No, sir; except along the line that this committee that I spoke of is working, and that would scarcely come under me, because the record books of the post-offices come from appropriation that does not belong to the Post-Office Department—that is, it is an allotment of a part of the appropriation made to the Public Printer, \$350,000 a year.

The CHAIRMAN. And who keeps the account of the disposition of so much of that as is for the service of the Post-Office Department or the postal service?

Mr. COCHRAN. The chief clerk of the Post-Office Department, and I presume the supply division also, keeps an account of part of it that is for the use of the service, but I do not know.

Mr. FAIRCHILD. In the matter of the Crane paper, do you know what the aggregate amount of money is that is paid for that during the year?

Mr. COCHRAN. I can find out; I do not know now. I would like to amend my answer on another statement. I find the reason why we had to get that Pirie Scotch gummed paper, which is paper used for printed labels and also cut into shapes for seals—that is, impressions of seals—is that the Public Printer said that that paper was the only one that he could handle, and insisted that we furnish it to him.

The CHAIRMAN. Is that No. 4?

Mr. COCHRAN. It is No. 30.

The CHAIRMAN. Do you know whether there are other makes of gummed paper?

Mr. COCHRAN. Yes, sir; there are some other makes, but I think the quantity that we use is not great; it is not a very big item.

Mr. FAIRCHILD. You do use, however, a very large quantity of the Crane paper, do you not?

Mr. COCHRAN. No, sir; I do not think we do. Two hundred reams is the estimated quantity. You see we do not limit it specifically to Crane's; we simply made that as the standard.

Without concluding the examination of the witness the committee adjourned until to-morrow, February 28, 1908, at 2.30 o'clock p. m.

FRIDAY, February 28, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF DR. T. C. S. MARSHALL, CLERK, POST-OFFICE DEPARTMENT.

T. C. S. Marshall, being first duly sworn, testified as follows:

The CHAIRMAN. Have you a list of purchases made by the Post-Office Department on requisitions for supplies of different kind than

* See letter dated April 17, 1908, on page 112.

the general character of the like articles contracted for by the purchasing agent?

Doctor MARSHALL. Yes, sir.

The CHAIRMAN. It is a list of the same general character of articles for which contracts have been let, but a different sort of the same articles?

Doctor MARSHALL. Yes, sir.

The CHAIRMAN. Will you furnish the committee with that list?

Doctor MARSHALL. Yes, sir.

The list referred to is as follows:

List of certain exigency purchases from July 1, 1907, to February 27, 1908, inclusive, showing prices paid for same and the prices which would have been paid for the nearest contract item.

[Attention should be called to the fact that in all cases there are varying shades of difference between the article purchased and the nearest contract item.]

Order No.	Article.	Price.	Ordered for—	Contract item.	Price.
40	120 pounds Snow Flake soap.....	\$21.60	Stock.....	1642	\$9.00
178	30,000 sheets carbon paper.....	41.00	Postal service.....	42	37.50
180	1 Nobscot Perfection water cooler.....	8.50	Postmaster-General.....	945	5.79
192	1 wardrobe (2 compartments).....	25.00	Second Assistant.....	941	15.00
241	500 sheets linen ledger, 9 by 10½.....	2.95	Registered mails.....	5	* 1.96
372	1 Royal band dater.....	3.50	Railway Adjustments.....	600	1.75
419	6 mahogany desk trays.....	13.50	First Assistant.....	1061	2.25
420	1 dozen oak desk trays.....	12.00	Stock.....	1061	4.50
472	6 reservoir sponge cups.....	.90	do.....	429	.205
527	100 sheets linen ledger.....	1.50	City delivery.....	5	.78
671	240 pounds Snow Flake soap.....	43.20	Stock.....	1642	18.00
738	1,000 feet spruce shelving.....	45.00	Carpenter.....	1552	97.50
794	1,000 Crane's Japanese linen envelopes.....	5.50	Chief clerk.....	7586	5.04
1258	2 Nobscot Perfection water coolers.....	17.00	do.....	945	11.58
1421	4 "Globe" desk traps.....	9.00	First Assistant.....	1061	1.50
1538	350 sheets carbon paper.....	5.25	Fourth Assistant.....	42	4.37
1596	1 water cooler.....	8.50	Department.....	945	5.79
1670	1 Royal band dater.....	8.50	First Assistant.....	600	1.75
1694	1 desk.....	98.00	Chief clerk.....	902	40.80
1695	1 revolving chair.....	14.50	do.....	930	6.45
1850	1 dozen desk trays.....	12.00	do.....	429	4.50
2010	100,000 paper fasteners.....	94.00	Stock.....	400a	42.00
2016	3 arm chairs.....	23.50	Third Assistant.....	980	20.15
2115	240 pounds Snow Flake soap.....	43.20	Stock.....	1642	18.00
2514	10 reams paper.....	12.50	Chief clerk.....	2	10.00
2674	5,000 clips.....	3.75	do.....	402	3.50
2688	1 dozen penholders.....	.95	Postmaster-General.....	291	.245
2737	10 reams paper.....	11.80	Chief clerk.....	6	8.50
4179	1 golden oak desk.....	22.50	Postmaster-General.....	900	20.40
4200	3 Royal band daters.....	10.50	First Assistant.....	600	5.25
4250	10,000 jackets.....	70.00	First Assistant.....	(b)	(b)
4473	288 pounds Snow Flake soap.....	53.84	Stock.....	1642	24.00
4513	5 dozen rubber erasers.....	8.40	do.....	371	1.20
4514	500 sheets carbon paper.....	7.50	Postal service.....	42	6.25
4558	12,000 clips.....	5.88	Stock.....	401	2.70
4561	4 desk pads.....	1.00	Fourth Assistant.....	423	.90
4563	10 dozen erasers.....	2.50	Stock.....	371	2.40
4646	6 "Ink pencils".....	15.00	do.....	281	2.40
3008	2,000 envelopes.....	60.00	Chief clerk.....	6670	48.00
3220	500 envelopes.....	2.00	Private secretary.....	7511	.90
3369	3,500 sheets paper board.....	46.00	Stamps.....	94	(c)
3411	1 Royal band dater.....	3.51	Chief clerk.....	600	1.75
3422	500 envelopes.....	1.50	Private secretary.....	7511	.90
3513	5 trucks (delivered at St. Paul, Minn.).....	89.00	Postal service.....	1372	45.00
3598	1 desk tray, oak.....	1.00	Chief inspector.....	1061	.38
3715	10 reams ledger paper.....	64.80	Postal service.....	5	39.00
3753	1 Royal band dater.....	3.50	do.....	600	1.75
3961	1 desk tray, oak.....	1.00	Chief inspector.....	1061	.38
3966	1 copy press.....	21.95	Chief clerk.....	870	10.84
3998	1 Royal band dater.....	3.50	Third Assistant.....	1061	1.75

* Per ream.

† No contract.

‡ No award.

The CHAIRMAN. Order No. 40, 120 pounds Snow Flake soap, price, \$21.60. That is the price which was paid?

Doctor MARSHALL. That is the price paid on the books. In explanation of that, there is a machine furnished, without cost, in order to use it, a soap granulator. The same sort of difference runs through the whole list. They are really different articles. It is not fair to make a direct comparison of prices.

The CHAIRMAN. Snow Flake soap is that kind of soap that is put in a can above a wash basin and ground up?

Doctor MARSHALL. Yes, sir; shaved off. It is a patented article. The patentee installs the machines and then furnishes the soap at that rate.

The CHAIRMAN. What is the meaning of the price \$9, "contract item, 1642?"

Doctor MARSHALL. That is the toilet soap which it practically replaces, an equivalent quantity.

The CHAIRMAN. How generally has the use of Snow Flake soap taken the place of the other kind?

Doctor MARSHALL. That would be a mere matter of estimate for me.

The CHAIRMAN. Had none of that kind of soap been contracted for when proposals were invited for the current fiscal year?

Doctor MARSHALL. That is a patented article, and there would be no possibility of getting competition on it.

The CHAIRMAN. When was the first purchase made, or was this all one purchase?

Doctor MARSHALL. That is a list hastily made of those items since July 1, 1907.

The CHAIRMAN. Were they made in the order in which they appear on this list?

Doctor MARSHALL. The order numbers are consecutive in the letter. You will notice that some of the higher numbers are in the middle. That was caused by three people working on it.

The CHAIRMAN. The order number shows the order of the purchase?

Doctor MARSHALL. Yes, sir.

The CHAIRMAN. Beginning July 1, and ending when?

Doctor MARSHALL. And ending to-day.

The CHAIRMAN. But I suppose not including to-day?

Doctor MARSHALL. No, sir.

The CHAIRMAN. Ending yesterday?

Doctor MARSHALL. Yes, sir.

The CHAIRMAN. Order No. 176, 30,000 sheets carbon paper, \$41, as against the contract price of \$37.50?

Doctor MARSHALL. The difference is in size, and it was also bought as per sample submitted. Our Office has no means of knowing what difference that would make.

The CHAIRMAN. Do you or do you not know as to whether this price of \$41 is the same ratable price, considering the size of the article, as that of the contract?

Doctor MARSHALL. I imagine it is not.

The CHAIRMAN. You suppose it is higher?

Doctor MARSHALL. A higher price?

The CHAIRMAN. Yes, sir.

Doctor MARSHALL. Yes, sir; probably because these informal bids generally bring a higher price, but the article probably is a better one than the contract; probably the sample called for a better one.

The CHAIRMAN. What does the price, \$41, mean?

Doctor MARSHALL. For the lot.

The CHAIRMAN. For which bureau was that purchased?

Doctor MARSHALL. The next to the last column states that.

The CHAIRMAN. Oh, yes. You do not know what branch of the postal service?

Doctor MARSHALL. That means it is purchased by the division of supplies for issue, probably, to various post-offices. No; we have no knowledge of where it goes.

The CHAIRMAN. "Nobscot Perfection water cooler." Do you know wherein this differs from the water coolers which were contracted for?

Doctor MARSHALL. The ordinary contract article is an iron tank with a wooden casing. The Perfection has a metal tank with a glass lining, and I think there is a filter connected with it. The ice does not mix with the water, but just what the device is I do not know. The contract cooler, I think, is made by a firm in York.

The CHAIRMAN. In that cooler the ice is put in with the water?

Doctor MARSHALL. Yes, sir; simply a tank. It is the ordinary cooler which you see everywhere.

The CHAIRMAN. The wardrobes which are contracted for, wherein do they differ from this one purchased for the Second Assistant Postmaster-General?

Doctor MARSHALL. The contracted wardrobe is pressed steel, with very small compartments. The wardrobe there is a large wooden structure.

The CHAIRMAN. Order No. 419, 6 mahogany desk trays, \$13.50. That is the price of the 6 trays?

Doctor MARSHALL. Yes, sir; the price was calculated for the quantity.

The CHAIRMAN. Six trays of the general character contracted for would have been only \$2.25?

Doctor MARSHALL. They would have been wire.

The CHAIRMAN. What is the meaning of the term "stock," "ordered for stock?"

Doctor MARSHALL. That means that it is ordered for issue to any branch of the Department needing it, not for a particular office; it goes into the storeroom of the Department.

The CHAIRMAN. Order No. 738, 1,000 feet spruce shelving \$45, contract, \$97.50. Why such a large difference there?

Doctor MARSHALL. The difference is that one is a good quality of pine lumber, the other is a very common spruce. That shows quite a saving?

The CHAIRMAN. Yes, sir; it does.

Order No. 1593, 1 water cooler for Department. I suppose that is a Nobscot?

Doctor MARSHALL. Yes, sir. Does not the list specify Nobscot?

The CHAIRMAN. No; simply water cooler. What is the meaning of "Department?"

Doctor MARSHALL. The requisition from the chief clerk indicated that it was for departmental use; that is the only information it contained.

The CHAIRMAN. Order No. 1694, 1 desk for chief clerk, \$98, as against \$40.80. Do you know why the chief clerk required that desk?

Doctor MARSHALL. It is a much larger desk than the contracted article, longer and wider, and of better grade.

The CHAIRMAN. Order No. 1850, 1 dozen desk trays, \$12. What sort of trays were they?

Doctor MARSHALL. Oak, ordinary letter size.

The CHAIRMAN. Order No. 2010, 100,000 paper fasteners, \$94, for stock. Wherein do they differ from the fasteners contracted for?

Doctor MARSHALL. I am unable to answer that. I would have to examine the sample. I did not have sufficient time to do that.

The CHAIRMAN. They were called for by the chief clerk?

Doctor MARSHALL. Yes, sir; the chief clerk's requisition.

The CHAIRMAN. Order No. 2016, 3 armchairs, \$28.50, Third Assistant. Wherein did they differ from the sort contracted for?

Doctor MARSHALL. The nearest contract item is known as the Improved Victoria; not exactly an armchair.

The CHAIRMAN. Is that a revolving chair?

Doctor MARSHALL. Yes, sir; a revolving chair, but without definite arms. It has a curved side.

The CHAIRMAN. Order No. 2688, 1 dozen penholders, 95 cents, as against the contract price of 24½ cents. Do you know what superior merit they possess?

Doctor MARSHALL. They were purchased for the personal use of the Postmaster-General, and of his own selection. What they were I could not say.

The CHAIRMAN. Do you know what the difference is between the Royal band dater, purchased at \$3.50, as against the contract price of \$1.75?

Doctor MARSHALL. The daters accomplish the same purpose. The contracted one makes the changes by movable type. The other type are on a band and are simply turned to the proper figure, back or forth. The Royal band dater, being a patented article, has no competitor for business, as I understand.

The CHAIRMAN. Do you know the difference between the rubber erasers purchased under order 4513 and those contracted for, item No. 371?

Doctor MARSHALL. Nothing further than the statement shows.

The CHAIRMAN. Have you any knowledge as to whether the articles mentioned in this list could have been purchased at a cheaper price if they had been regularly contracted for by the purchasing agent?

Doctor MARSHALL. The quantities being the same?

The CHAIRMAN. Yes, sir.

Doctor MARSHALL. I doubt whether you could have made any difference in those quantities and calling for quick delivery. I think in most cases the prices are absolutely fair trade prices.

The CHAIRMAN. What is the meaning of "Stamp" following order No. 3369, 3,500 sheets paper board, \$46?

Doctor MARSHALL. That is for the stamp division.

The CHAIRMAN. Order No. 3513, 5 trucks, \$89 P. S.; what does that mean?

Doctor MARSHALL. That means postal service. They were ordered for delivery at St. Paul. They are not duplicates of anything under contract. I only took the nearest contract item that we had.

The CHAIRMAN. What is a truck?

Doctor MARSHALL. You know what a drygoods truck is, for handling boxes?

The CHAIRMAN. Yes, sir.

Doctor MARSHALL. In this case it is probably a small wagon with four wheels with a platform on top. The wheels are rubber tired, and there is a frame. No two offices seem to call for quite the same thing; the dimensions differ. For instance, the doors are narrower at one place and would not permit the office standard-size truck to pass; we would have to make it longer and narrower.

The CHAIRMAN. Is the ledger paper mentioned here of a different quality than that contracted for?

Doctor MARSHALL. Those calls were by sample; they simply attach a piece of paper to the requisition and ask to have it matched.

The CHAIRMAN. Did you look to see whether or not you could match it out of the goods contracted for?

Doctor MARSHALL. We try to do that in every case. When we can not succeed it is necessary sometimes to supply what is needed.

The CHAIRMAN. Was that necessary in the instance on the list?

Doctor MARSHALL. I can only presume it was or it would have been furnished from the contract stuff. It is impossible to remember all those details.

The CHAIRMAN. Are these orders uniform as to the officers issuing them; in what way do they come to the purchasing agent?

Doctor MARSHALL. The orders for the departmental stuff comes from the chief clerk, and from the postal service they come from the Fourth Assistant Postmaster-General's office, the division of supplies.

The CHAIRMAN. How long have you been with the purchasing agent?

Doctor MARSHALL. Since the establishment of the office, July 6, 1904.

Mr. FAIRCHILD. Order No. 4250, 10,000 jackets, price \$710, for the First Assistant's office?

Doctor MARSHALL. There is no contract item. That should really not appear in the list. The list was prepared very hurriedly.

TESTIMONY OF MR. WILLIAM E. COCHRAN, PURCHASING AGENT—Continued.

Mr. FAIRCHILD. Are you in the habit of supplying any article called for by requisition in any way without referring the matter back to the Department issuing the requisition?

Mr. COCHRAN. We can not do it now; we have to report the cost back before the order is issued.

Mr. FAIRCHILD. Do you honor all requisitions made upon you?

Mr. COCHRAN. Not always; not without conference. We frequently send them back.

Mr. FAIRCHILD. What particular persons have power to make requisitions upon you that you do honor?

Mr. COCHRAN. The chief clerk of the Post-Office Department, the Fourth Assistant Postmaster-General, division of supplies, for the appropriations for that division. The miscellaneous appropriations that each bureau has are available for certain purchases for which requisitions are issued by the chief clerks of those bureaus.

Mr. FAIRCHILD. You honor the requisitions from those offices without question?

Mr. COCHRAN. Not always.

Mr. FAIRCHILD. Not always?

Mr. COCHRAN. No, sir.

Mr. FAIRCHILD. What would occasion you to question the requisition?

Mr. COCHRAN. Whenever I think anything is clearly wrong and that the appropriation is not available for that purchase, I refer it back with my reasons for so thinking. Sometimes I am convinced, sometimes I am not, and sometimes, possibly. I have to do it anyway.

Mr. FAIRCHILD. When you make purchases on special requisitions what effort do you make to secure the article at a low price?

Mr. COCHRAN. We send invitations on a regular form for that purpose to each dealer, and in addition we post them on the bulletin board at the elevator in the Post-Office Department building, and the Washington dealers who are looking after our trade know, whether they get an invitation or not, that all of them will be posted there.

Mr. FAIRCHILD. Are all purchases made by requisition posted there or only a part of them?

Mr. COCHRAN. If a requisition comes to us for an article for which there is no possible competition we do not post it.

Mr. FAIRCHILD. But if it is an article which calls for competition, you post it?

Mr. COCHRAN. Yes, sir. On articles for which we have a contract, of course, there is no necessity of posting.

Mr. FAIRCHILD. To what extent do you feel warranted in recognizing the special requisitions?

Mr. COCHRAN. Well, I would not feel that I had much authority to question a requisition from the Postmaster-General if he said he wanted any particular thing.

Mr. FAIRCHILD. No matter what the expense?

Mr. COCHRAN. I have discussed some things for which I had requisitions.

Mr. FAIRCHILD. Would the same be true of the Assistant Postmaster-General?

Mr. COCHRAN. No, sir.

Mr. FAIRCHILD. It is only the Postmaster-General whose authority you recognize as being practically absolute?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Does each Assistant Postmaster-General have a chair like the other Assistant Postmaster-General?

Mr. COCHRAN. Not necessarily. When the building was originally furnished they had, but some of the chairs have been changed since, and some, I think, have not. I am not really sure whether there has been a new chair purchased for each assistant or not, but if there has been they are probably not exactly the same.

The CHAIRMAN. Is there any practice to provide a new chair for the Postmaster-General or the assistants when a new one comes in?

Mr. COCHRAN. The practice is to provide the chair that he selects for his personal use.

The CHAIRMAN. While he is in office?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And then what becomes of the chair when he goes out?

Mr. COCHRAN. If it is not satisfactory to the successor, I presume there would be a new one purchased and that chair would go to some other official, but there have not been many changes of that character.

The CHAIRMAN. The chair is not looked upon as a perquisite of the official?

Mr. COCHRAN. No, sir; not at all.

The CHAIRMAN. I noticed quite a lot of oil paintings about the building. How were they supplied?

Mr. COCHRAN. Those that have been bought in recent years, as far as I have information, have been purchased from the funds for the exhibits at world's fairs.

The CHAIRMAN. And are displayed at those fairs?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Have you, as purchasing agent, bought any?

Mr. COCHRAN. I have.

The CHAIRMAN. Of whom?

Mr. COCHRAN. I bought a portrait of Henry C. Payne, the late Postmaster-General.

The CHAIRMAN. In what year?

Mr. COCHRAN. I am not sure whether it was 1905 or 1906.

The CHAIRMAN. Will your report show?

Mr. COCHRAN. No, sir.

The CHAIRMAN. Under what item was it included?

Mr. COCHRAN. Miscellaneous expenses of the Post-Office Department or of the Postmaster-General's office.

The CHAIRMAN. Miscellaneous items in the office of the Postmaster-General?

Mr. COCHRAN. Yes, sir. I did not quite complete my answer. There was also a portrait bought of Robert J. Wynne. That was partly paid for from a Post-Office Department appropriation.

The CHAIRMAN. In what year was that?

Mr. COCHRAN. In 1905.

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT.

Monday, March 2, 1908.

The committee met at 11 a. m., Hon. Irving P. Wanger in the chair.

DIVISION OF SUPPLIES.

**STATEMENT OF MR. RICHARD P. COVERT, SUPERINTENDENT
DIVISION OF SUPPLIES.**

The CHAIRMAN. What is your official position in the Post-Office Department?

Mr. COVERT. Superintendent division of supplies, Bureau of the Fourth Assistant Postmaster-General.

The CHAIRMAN. How long have you held that position?

Mr. COVERT. Since the 8th day of November, 1906.

The CHAIRMAN. What position did you have prior to that time?

Mr. COVERT. Chief of the division of appointments, Bureau of the First Assistant Postmaster-General.

The CHAIRMAN. Have you read the preliminary report of Joint Commission on Business Methods of Post-Office Department and postal service?

Mr. COVERT. So far as it affects the supply division, I have.

The CHAIRMAN. Are the duties and the practices of the division accurately set forth in the statement of the expert accountants?

Mr. COVERT. No; they are not—in some instances they are not.

The CHAIRMAN. Will you indicate wherein they are erroneous?

Mr. COVERT. The third paragraph on page 28 states that the division is very much congested at this time. It is a fact that it was congested when the expert accountants went through making their investigation, but I think I can explain this thing more intelligently if you will let me go back a little. The reorganization of the division of supplies was begun about the 1st of December, 1906. Prior to December 1, 1905, the date when the reorganization of the Department became effective and the division of appointments was placed under the First Assistant, the division of money orders under the Third Assistant, the division of supplies under the Fourth Assistant, and the division of city delivery under the First Assistant, various lines of supplies now handled by the division of supplies were handled by the other bureaus of the Department, and at the time of this reorganization they were then consolidated under the Fourth Assistant Postmaster-General and made a part of the old supply division. A little over a year ago there were practically eight independent supply divisions under that one head—division of supplies.

The CHAIRMAN. In the Post-Office Department?

Mr. COVERT. Yes. What I mean is that the Third Assistant formerly handled the registry and official envelopes, and that work formed an independent section, the work being handled separately from the other work in the division of supplies. The furnishing of money-order forms and advices was an independent section in the division of supplies; and the stationery section was independent of the other sections. The same is true of money-order miscellaneous blanks and books, of wrapping paper, twine, facing slips, and the printed matter received from the Government Printing Office.

At that time about 39 various forms of requisitions were in use in the postal service; that is, postmasters had that many different forms on which to order supplies of different character; for instance, the postmaster at Chicago might on one day make five requisitions—one for twine, another for stationery, another for facing slips, another for money-order blanks, and so on—and those requisitions would come into the division of supplies and be reviewed by different people, and it is possible that five different shipments were being made to Chicago on these requisitions at one time, each independent of the other four. A year ago the supplies were consolidated and one solid whole was made from the eight different sections. It was at that time, while the reorganization was in progress, that the committee on departmental methods came to the supply division, and at that time things were practically as they represent it here in this report.

There is only one erroneous statement, one that is absolutely incorrect in this report, and that is that the supply division has no record of the supplies shipped to various post-offices. Up to a year ago there was no record of all supplies shipped to post-offices, but at present and for the past year there has been and there is now a record of everything shipped to every postmaster in the country.

The CHAIRMAN. There is a record of all furnishings of supplies?

Mr. COVERT. Everything handled by the supply division, and that has been true for the past year. Of course, at the time the accountants went through the division it was not in the shape it is at present, and it is not yet in the shape that it will be in by the 1st of July. We are improving it every day.

The CHAIRMAN. Of what does the personnel of the division of supplies consist?

Mr. COVERT. I can not tell you offhand how many clerks and laborers there are.

The CHAIRMAN. You can furnish the committee with a statement?

Mr. COVERT. Oh, yes. I can say this, that in the last year the clerical force of the division of supplies has been reduced by possibly twenty clerks.

The CHAIRMAN. What do you mean by that—that there are twenty clerks less in your division than the aggregate of the eight different supply sections that formerly existed?

Mr. COVERT. Yes.

The CHAIRMAN. Has the labor force been reduced?

Mr. COVERT. No, sir.

The CHAIRMAN. Has it been increased?

Mr. COVERT. There has been an increase in the force of laborers. We commenced the 1st of last July to make shipments of supplies by freight, and that has necessitated an enormous amount of packing. Formerly we put supplies in mail sacks and shipped them all over the country regardless of the weight or the quantity of supplies.

The CHAIRMAN. Supplies can be shipped cheaper by freight than by mail?

Mr. COVERT. Yes.

The CHAIRMAN. Is that true of small parcels?

Mr. COVERT. The law does not seem to read very clearly on that point, and the Postmaster-General requested the Assistant Attorney-General of the Post-Office Department to interpret the meaning of the law. I think it reads: "That when in freightable lots, and whenever practicable, supplies shall be withdrawn from the mails and sent by freight or express." The Assistant Attorney-General held that it was optional with the Postmaster-General to say what constituted "freightable lots" and "whenever practicable," and in the case of the Fourth Assistant's Bureau, division of supplies, 100 pounds was considered to be the minimum amount that could feasibly be shipped by freight. I understand that in the Bureau of the Second Assistant, the mail-bag shop, the minimum limit is 500 pounds. That is my understanding.

The CHAIRMAN. Do you know whether there has been any investigation to determine the relative expense of shipping similar parcels by mail and by freight?

Mr. COVERT. I do not know that any investigation has been made as to the difference in cost in shipping small quantities of supplies by

freight or by mail. The reason the Fourth Assistant Postmaster-General has taken no steps in that direction is on account of the immediate need of supplies that are sent in less than 100-pound lots; for instance, a postmaster telegraphs that he needs supplies at once, and the quickest way to get them to him is by mail, and the service will be embarrassed if he does not get them.

The CHAIRMAN. Is that true of all articles, as to the embarrassment of the service?

Mr. COVERT. If a postmaster telegraphed that he was out of something, it would undoubtedly cause embarrassment in some direction if he did not receive it promptly.

The CHAIRMAN. But a prudent postmaster ought to anticipate the wants of his office, ought he not?

Mr. COVERT. That is true, and we try to have that done. He should do that.

The CHAIRMAN. Can you give the committee any idea as to what percentage of supplies are ordered sufficiently in advance of the actual needs to enable a free choice between the methods of transmission?

Mr. COVERT. No, sir; we can not tell. A postmaster might make a requisition for fifty items—say it was a third-class office, and he was making requisition for a year's supply. His requisition might show that on several of the items his stock was practically exhausted, while of others he would have a six month's supply, and requesting enough additional supply to bring the stock of everything up to the year's supply; in other words, he would make one requisition a year, that is at a third-class office, and if we sent that by freight and there were five or six things that he wanted immediately, it might cause embarrassment.

The CHAIRMAN. Are postmasters required to make a single requisition for a year's supplies?

Mr. COVERT. We endeavor to have them do that; that is, to have third and fourth class postmasters make but one requisition annually.

The CHAIRMAN. That is undoubtedly good administration, to endeavor to have the matter covered by a single requisition; in a general way it is good administration, but it would seem to me as if provision ought to be made for special requisitions if the unexpected happens and there is a shortage at some particular office. Does not it seem so to you?

Mr. COVERT. Do you mean not to fill a requisition for a year's supply without retaining enough supplies on hand to meet any emergency; was that your meaning?

The CHAIRMAN. My thought was that postmasters ought to get all new supplies for a year in one requisition, in but one shipment; but that if unexpectedly they happen to require certain articles, they ought to be required to call for them in such time as not to embarrass the Department in the matter of choosing the most economical form of transmission.

Mr. COVERT. Oh, I see. We have endeavored, and are endeavoring at the present time, to have postmasters make requisitions sufficiently far in advance to prevent any chance of embarrassment in any way. That can not be laid at the door of the reorganization in any way, because the money-order forms and advices which are sent direct from the plant of the contractors have been handled for years under the same instructions to postmasters. They have been told that when

their supplies got down to an amount sufficient to last but sixty days, to make new requisitions; and there are hundreds and hundreds of cases now—lots of cases happen every day—where postmasters telegraph and write in, saying that they are out of money-order forms. They have waited until the last minute before ordering. It seems that you can not convince 62,000 postmasters that they have got to do business in one way.

The CHAIRMAN. Would it be anything more than a reasonable requirement, where a postmaster neglects to make a requisition at the proper time, and thus imposes extra expense on the Department in order to get supplies to his office at the earliest moment, that he should pay the additional cost of transportation that is occasioned by the supplies being rushed?

Mr. COVERT. Well, I don't know. I would not like to make an answer on that point, because I think the Fourth Assistant or the Postmaster-General ought to make answer. I do not think that if I had a personal business outside, if I was running a business of my own, and had an agent in the place of a postmaster, that I would take the matter up with him in that way. I hardly think it would be just to make him pay the expense.

The CHAIRMAN. Even if it was his own fault?

Mr. COVERT. No; because the postmaster himself personally is not at fault; somebody in his office is at fault.

The CHAIRMAN. But is he not at fault in not requiring the subordinates to keep him informed?

Mr. COVERT. That is true; he is.

The CHAIRMAN. You have a depot of supplies, have you not?

Mr. COVERT. We have not any branch agencies at all outside of the envelope agencies that have been provided for in the urgent deficiency bill—one at Hartford, Conn., and one at Cincinnati, Ohio. An agent at each one of those points is now supervising the shipment of official and registry envelopes. Those are the only branch supply depots we have.

The CHAIRMAN. But you do receive a portion of the supplies here in Washington, do you not?

Mr. COVERT. All the supplies are received in Washington, except such supplies as are sent direct to postmasters from contractors' plants. I thought you meant the branches.

The CHAIRMAN. No; I meant a general depot.

Mr. COVERT. Oh, yes.

The CHAIRMAN. Are all supplies that are transmitted through the division of supplies, supplied by the contractor within a reasonable period after his bids are accepted, or are they called for from time to time?

Mr. COVERT. They are called for from time to time. The supply division makes a requisition on the purchasing agent, and he places the order with the contractor for any supplies that are needed. Under the law, of course, the appropriations are apportioned, and only the pro rata part of each appropriation can be used in any one quarter.

The CHAIRMAN. By whom are those supplies inspected?

Mr. COVERT. At the present time I can not say how many inspection committees there are in the Post-Office Department. The twine will be inspected by one committee, composed of, I think, three men

from various divisions of the Post-Office Department; scales are inspected by another committee, facing slips by another committee, stationery by another committee, postmarking stamps by another, money-order books and blanks by another. Some of the members of various committees are in the division of supplies, the remainder of them being in the other divisions of the Department. But the Postmaster-General appointed a committee, of which I was a member, and a report was made by that committee a short time ago recommending changes in the methods of inspection.

The CHAIRMAN. Is each shipment of supplies inspected?

Mr. COVERT. Every consignment of supplies received at the division of supplies is inspected. Everything received at the division of supplies, outside of the miscellaneous blanks received from the Government Printing Office, is inspected. Of course as to the Government Printing Office proposition, it is all in the Government and the appropriation is handled by the chief clerk of the Department. Those are all printed forms, miscellaneous blanks used in the postal service, and no inspection is made. They are counted by the receiving clerk in the division of supplies to see that we get the proper number, but no inspection as to quality is made. There has been no complaint about it and no cause for complaint.

The CHAIRMAN. There have not been any misprints?

Mr. COVERT. Occasionally a misprint, but even if they did make a misprint they would correct it immediately if anything of that kind came up, just the same as the contractors do regarding money-order blanks. The various contractors after making misprints correct them at their own expense.

The CHAIRMAN. Have you anything to do, as chief of the division of supplies, with the making up of the estimates of supplies necessary to be used?

Mr. COVERT. Yes, sir.

The CHAIRMAN. Is that as a member of a committee, or independently of that?

Mr. COVERT. I think it is a part of the administrative duties of the office to get up the estimates. You did not mean the specifications, did you?

The CHAIRMAN. No.

Mr. COVERT. The estimates of the amount of money required.

The CHAIRMAN. By whom are those estimates made up?

Mr. COVERT. By me for this fiscal year, and last year as well.

The CHAIRMAN. Upon what basis?

Mr. COVERT. Upon figures showing what has been expended in the last year and the previous year and what the requisitions from post-offices indicate the appropriation should be for, as near as possible, the required amount of supplies to run the service for the next fiscal year.

The CHAIRMAN. Who determines the character of the supplies?

Mr. COVERT. The specifications are first prepared, under the direction of the Fourth Assistant Postmaster-General, in the division of supplies. They are then forwarded to the purchasing agent and he makes any changes or any suggestions—in other words, he passes upon them after they leave the Fourth Assistant Postmaster-General's Bureau—and any changes he may suggest are presented to the

Fourth Assistant Postmaster-General, and if they can not agree on any particular point the matter is submitted to the Postmaster-General for final action. He will say what shall be done. There are articles in that copy of the specifications which you have in your hand that are not supplied or handled by the division of supplies. They are bought by the chief clerk of the Department for departmental use, and one general specification is made of the whole business, covering all supplies for the postal service and for the Post-Office Department.

The CHAIRMAN. In the specifications for the fiscal year beginning July 1, 1907, I notice item 210, 70 dozen Higgins's waterproof drawing ink. Who determines that Higgins's is the particular kind of drawing ink?

Mr. COVERT. In some of these items the people who use them are the ones whose recommendations we follow. The topographer's office, which makes maps for the rural-delivery service, handles more of that ink than any other office, and it is a kind of ink that does their work satisfactorily.

The CHAIRMAN. It is assumed that the topographer knows what is best for his purpose?

Mr. COVERT. I think so; yes, sir.

The CHAIRMAN. Is that true generally where specific articles are called for?

Mr. COVERT. Anything that is used in the postal service? No, sir: for we have all kinds of sources of information governing anything that is furnished for general use in the service.

The CHAIRMAN. What is done to standardize the articles where there are many varieties asked for?

Mr. COVERT. Well, take pens, for instance. Year before last the specifications contained almost every kind of pen manufactured and the name of the respective pen manufacturers. I had all of those cut out and simply took the grades of pens—that is, the pens of different points and different styles—and put them in that shape [indicating]. That is an illustration. There are 14 styles of pens now, while we had 60 or 70 a year ago. That is in order to give every contractor an opportunity to bid on pens that will meet the requirements on those special styles of pens; and various other items have been cut out also.

The CHAIRMAN. Where several bidders bid on fine-pointed pens, for instance, and all name the same price, in what manner has it been determined which bid is the most advantageous?

Mr. COVERT. I haven't the slightest idea as to what methods are pursued in determining what bidder shall receive the contract in case the bids are the same. It is a matter that comes entirely under the purchasing agent, who has charge of the purchase of supplies as well as the drawing up and awarding of contracts, under the direction of the Postmaster-General. The division of supplies has nothing whatever to do with that. We simply tell the purchasing agent, in a form that is gotten up for that purpose, what we need. We have no dealings in the actual purchasing of supplies and nothing to do with the awarding of contracts.

The CHAIRMAN. In determining the character of articles to be purchased, is any consideration given to the action of other Departments with respect to similar articles?

Mr. COVERT. That has been done, I understand, throughout the departmental service, but that is a matter that I do not care to take up.

The CHAIRMAN. In calling for bids for Higgins's waterproof drawing ink would you make any investigation to see whether other drawing inks were used by other Departments?

Mr. COVERT. All kinds of drawing inks are submitted. Any manufacturer of drawing inks could submit any grade of ink he cared to submit. The committee on awards would examine it, make the tests necessary to see whether or not some other make than Higgins's should be furnished.

The CHAIRMAN. But if Higgins's is specified as the kind for which bids are invited, would other manufacturers of drawing inks think it worth while to submit any bids?

Mr. COVERT. I think they would.

The CHAIRMAN. Would their bids be considered?

Mr. COVERT. I think so.

The CHAIRMAN. Under what clause?

Mr. COVERT. I think they would be considered right under "Higgins's drawing ink;" my understanding is that this Higgins drawing ink is furnished by various people.

The CHAIRMAN. I am only using Higgins's drawing ink as an illustration.

Mr. COVERT. Well, my understanding is that Higgins's drawing ink is made by different people, and they might submit different prices on that ink. For instance, in awarding the contracts Geo. F. Muth & Co., of Washington, D. C., were awarded the contract for Higgins's drawing ink. R. Carter Ballantyne might bid on that ink, and others might bid on it.

The CHAIRMAN. But they are not manufacturers, are they?

Mr. COVERT. I do not believe any of them are manufacturers.

The CHAIRMAN. Is it not fair to suppose that all bids which the purchasing agent received were for Higgins's drawing ink and not for any other kind of drawing ink?

Mr. COVERT. I do not know, I am sure.

The CHAIRMAN. Item No. 4, you will observe, reads "Crane's Japanese linen paper, or equal thereto," which indicates that Crane's is not necessarily the kind that will be accepted, and therefore the article seems to be on a different basis.

I have here the proposal for stationery for the Treasury Department for the last fiscal year, and under the title "inks" there is a description of the exact kinds of inks that is called for, with a statement of the tests. Are you familiar with that?

Mr. COVERT (after examination). The committee on awards are able to make any tests they see fit to make, and I believe samples are submitted to the Bureau of Standards to be tested.

The CHAIRMAN. Do you think that samples of writing fluid under items 230, 231, 233, 234, 235, 237, 238, and 240 were submitted to the Bureau of Standards?

Mr. COVERT. I have nothing to do with that committee, but it is my personal belief that they did, although I do not know positively.

The CHAIRMAN. Assuming that that is true as to the samples, although I have reasons for thinking that it is an error, is there any

investigation made by the Bureau of Standards of the inks which are furnished?

Mr. COVERT. I do not know whether the committee submits samples to the Bureau of Standards or not. What I mean is, that after the award has been made, and the contracts made, and the samples have been received in the division of supplies, I don't know whether the committee forwards those samples to the Bureau of Standards or not. I am positive, however, that they do send some items, for instance, postmarking pads and stamping pads. I have heard the committee talking about sending those, but whether they do it with the ink I do not know.

The CHAIRMAN. Isn't it assumed that where writing fluids, best quality, standard makes, are furnished, that the consignments are of that quality, if they are standard makes?

Mr. COVERT. As I say, an inspection committee inspects every consignment of those supplies received, and I take the word of that inspection committee, which makes a report to the Postmaster-General, taking their statement as sufficient evidence that supplies are up to the specifications. The only way that I would get any information that they were not would be after the goods had gone into the service—that is, had gone out to postmasters.

The CHAIRMAN. Don't you think it a bad practice to confine the furnishing of writing fluid or other inks to standard makes instead of describing the exact qualities which are required in the writing fluids and copying inks, as is done by the Treasury Department, rather than allow any responsible bidder to manufacture what he chooses in supplying the inks?

Mr. COVERT. Those specifications provide any kind of ink of standard make; but, as a matter of fact, during the present contract we have not bought any plain writing fluid. The specifications provide for ink, also for ink tablets, and those ink tablets have been furnished since the 1st day of July.

The CHAIRMAN. Why is that?

Mr. COVERT. Because the ink tablets cost but 60 cents per dozen quarts, while the cheapest ink fluid costs \$1.49 per dozen quarts. The saving along other lines is apparent as regards the amount of space saved in storing ink, the amount of packing necessary in shipping out the boxes of ink, and so on, where a consignment is less than a dozen bottles.

The CHAIRMAN. Do you know whether the ink tablets have been chemically tested?

Mr. COVERT. I do not know.

The CHAIRMAN. How long have they been used?

Mr. COVERT. Since the 1st of July.

The CHAIRMAN. Do you know what experiments were made to determine their enduring character?

Mr. COVERT. I started in in November, 1906, to use different kinds of ink tablets, experimenting with them. I tried every test that I could think of outside of a chemical test. I did not consider that as necessary, inasmuch as it would be up to the committee on awards to see whether or not there was anything wrong with that particular part of it before the contract was made. I mixed this ink according to instructions on the various kinds submitted, and after I had used the ink on paper I made two press copies of the same writing, laid the

specimens out in the sun to see whether or not they would fade, and found them perfectly satisfactory, and endeavored to erase the ink, but did not succeed.

The CHAIRMAN. What saving in ink do you estimate has taken place during the first six months by using these tablets?

Mr. COVERT. Well, I can not say as to that; and there are two or three things that would make it hard to give an estimate upon. Last year we had great difficulty in securing fluid ink from the contractor, and the shipment covered by the last order was spread out over a period from April to August, while the majority of the ink is shipped in the spring—that is, in April and May. So far this year we have spent about \$800 for tablet ink. Last year for plain writing fluid we expended, I think, \$2,340. Of course, the first cost would be the least saving, I think, when you come to figure the labor saved in sending this ink by mail or by the old method of breaking open a box containing a dozen bottles and packing each individual bottle in a box, using excelsior and sawdust in the packing; and also taking into consideration the amount paid to railroad companies either on account of the boxes going by mail or by freight. I think that would constitute the greatest part of the saving.

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
Wednesday, March 4, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. M. O. CHANCE, AUDITOR FOR THE POST-OFFICE DEPARTMENT.

M. O. Chance, having been first duly sworn, testified as follows:

The CHAIRMAN. You are the Auditor of the Treasury Department for the Post-Office Department?

Mr. CHANCE. Yes, sir.

The CHAIRMAN. And have been, since when?

Mr. CHANCE. Since February 24, 1908.

The CHAIRMAN. Prior to that time, what position did you hold?

Mr. CHANCE. Chief clerk of the Post-Office Department.

The CHAIRMAN. And you had held that position for how long?

Mr. CHANCE. About three and a half years, I think.

The CHAIRMAN. And prior to that, you held what position?

Mr. CHANCE. Superintendent of the division of supplies for about three months. Prior to that I was private secretary to Mr. Root, at the War Department, for three years, and before that I was in the Post-Office Department for about fifteen years. That is, I was appointed originally in the Post-Office Department in 1888 and have been there ever since, with the exception of the three years I served in the War Department under Mr. Root.

The CHAIRMAN. Is the statement contained in the preliminary report of the joint commission on business methods of Post-Office Department and postal service, or rather the report of the public accountants, submitted as a part of that report, a correct exposition of the duties of the chief clerk?

Mr. CHANCE. I can not answer that question offhand, because I have only gone over part of this report, what is mentioned on pages 19 and 20. I understand that they go into it further along in the report.

The CHAIRMAN. As to the matter contained on pages 19 and 20, have you any exception to take to any of the statements there made?

Mr. CHANCE. Of course you are asking me as an ex-official of the Post-Office Department. You understand that I am not an official of the Post-Office Department now; I am an official of the Treasury Department.

The CHAIRMAN. I understand.

Mr. CHANCE. And you want my opinion?

The CHAIRMAN. Your personal opinion, not as Auditor, but as Mr. Chance.

Mr. CHANCE. And what I know about it as having been chief clerk?

The CHAIRMAN. Yes, sir.

Mr. CHANCE. Of course I would like to go into it a little more than I have. The fact of the matter is that we have a very limited number of copies of the report down there and we have not all been able to go over it. I have had one for several days, but in view of the change that has recently been made my time has been taken up with official duties, and I have had only a few minutes to look over the report.

Take the first paragraph, their statement is substantially correct, as far as I can tell, and the next one, in regard to the available space in the Post-Office Department, is so, and we pay that amount of rent for buildings outside, and the statement is also true that if papers could be destroyed we could save money on that in space. The statement with regard to printing—as I remember, they recommended that this \$350,000 which is allotted to the Government Printing Office be made to the Post-Office Department under the direction and supervision of the Postmaster-General. I think that is a good thing. I have always said that should be done, that the appropriation should be made to the Post-Office Department, not only to the Post-Office Department, but I think it should be made directly to each Department and let the head of the Department have charge of that appropriation, just as he has charge of any other appropriation in his Department, and hold him responsible for it.

Of course that allotment is not made, but we are in a measure held responsible for it, and I did, as chief clerk, keep within the appropriation. We are allowed to expend not to exceed half of the allotment in the first six months, and we kept within that, and the balance in the next six months. That appropriation, of course, is made to the Public Printer and not to the Post-Office Department. They recommend that it be made as an appropriation under the direct control of the Post-Office Department. I think that would be a good thing to do.

Now, in the next paragraph, with regard to the stationery room, they recommend that this stationery room be moved over and made a part of the division of supplies. The division of supplies is located a mile and a quarter from the Post-Office Department. It is on the railroad, and it is in this building for which we pay \$32,000 a year, but that supply division is not a supply division for the Department—I suppose you had the superintendent up here—it furnishes

supplies to the postmasters in the service throughout the country. This little stationery room is not a division; it is a room; there are two people there. They furnish supplies that are purchased out of a different appropriation, the contingent fund of the Post-Office Department, under the control of the chief clerk for the Postmaster-General. He passes on them, and I do not think that recommendation is a good one, because it would cause more or less confusion. You would have to make a transfer of that appropriation and put it under a bureau chief. As it is now, they furnish supplies to all the different bureaus, and it is independent, and they make a fair distribution, as far as they can. If you put it over there, the Fourth Assistant would have charge of it, and he would have to supply stationery to the different assistants as well as to himself. I think that it should be managed independently of any of the assistants and be under the Postmaster-General, and in addition to that I think it should be located in the Post-Office Department proper.

The CHAIRMAN. What are the two persons, clerks or laborers?

Mr. CHANCE. In the stationery room?

The CHAIRMAN. Yes, sir.

Mr. CHANCE. One is a \$900 clerk and one a \$1,000 clerk. They have to keep a little set of books of the stationery and stuff for the Department, pens, ink, waste-paper baskets, and furniture, like you use in your office. I can not figure out how it would save the services of the clerks by moving it. They said it would. In addition to that it would be very inconvenient, because that stuff would have to be hauled back and forth to the Department, and as a matter of fact, now we have not enough wagons to take care of our service. We have one medium-sized wagon and a little broken-down grocery wagon, which haul the supplies, the mails, and messages from the supply division to the Post-Office Department.

The CHAIRMAN. Do you think if the law was changed so as to put these supplies under the division of supplies it would require two clerks there?

Mr. CHANCE. I think it would take two clerks to run this business, and in addition to that you would have to make an appropriation for a wagon and horse, because that stuff has to be delivered to the Post-Office Department, and I do not see where there would be any business sense in moving it at all.

The CHAIRMAN. There would be a slight saving, I presume, in the initial delivery, the delivery to the supply division at the depot as against the Department building?

Mr. CHANCE. I do not think so. Anything that comes in on the Baltimore and Ohio would be delivered there. The hauling back and forth which would be required would more than offset that. The trips would have to be made daily. As it is now one wagonload will supply them for a week. That does not amount to a great deal. It seems to me it would be convenient to leave it as it is. Another thing, when I was over in the supply division this matter was handled in the supply division, and I recommended then that it ought to be transferred to the Post-Office Department. I found when I went there that they would borrow from one appropriation and another and switch the stuff around. If they did not have enough for this quarter of this fiscal year in the stationery fund for the Post-Office Department, why, they would borrow from the stationery fund

of the postal service. They just had a little space in a big room for this stationery for the Post-Office Department, and the result was, I think, that the Post-Office Department owed the postal service about \$800, or something like that, for borrowed stuff, and at the end of the year instead of paying it back they just wiped it out and started over again.

The CHAIRMAN. There was really a diversion of a part of the appropriation?

Mr. CHANCE. Yes, sir; but at that time the Postmaster-General made an order that it should not be done again, and of course it is now against the law to do it.

The CHAIRMAN. How long ago was that order made?

Mr. CHANCE. I think that order was made under Mr. Payne. I think it was during the last part of his administration, but I am not sure. It is a very small amount, however, compared with a great big supply division.

Now, the next item, "the chief clerk's division employs two telegraphers." I should hesitate a little to speak about that, because the present chief clerk knows as much about it as I would. I believe he would agree with me when I say that that office could be abolished. There are two men detailed there on the clerks' roll. They are detailed as telegraphers and take care of all the telegraphing done in the Post-Office Department. As a matter of fact, the companies, the Western Union and the Postal, would furnish a man to run that business and our office could be dispensed with. It is only an experiment which has been tried in other Departments.

The CHAIRMAN. How long has it been tried?

Mr. CHANCE. Possibly two years. I do not think that it really pays, and I think the present Postmaster-General would probably recommend that it be discontinued.

The CHAIRMAN. How was the telegraphing managed before the clerks were detailed?

Mr. CHANCE. There were two offices in the city post-office; the Western Union and the Postal companies both had offices there, public offices, and we took our telegrams down there.

The CHAIRMAN. Those public telegraph offices in the city post-office are no longer maintained, are they?

Mr. CHANCE. No, sir.

The CHAIRMAN. How would this service be supplied if the detailed clerks were not used?

Mr. CHANCE. I believe the companies would furnish a man to receive and send telegrams. They would keep him there from 9 o'clock until 4.30, or probably from 8 o'clock until 4.30. We have them on from 8 until 6 o'clock. The chief clerk of the Post-Office Department, of course, knows as much about that as I do, because he has been there some time, and he also knows as much about the stationery room as I do.

The CHAIRMAN. How much do the telegraphers receive?

Mr. CHANCE. Both \$1,200. They are clerks detailed to do this work, and they are clerks who could be used in other branches of the work. They are good men, both of them.

The CHAIRMAN. What bureau were they detailed from?

Mr. CHANCE. Just from the clerks' roll in the Postmaster-General's office.

The CHAIRMAN. You do not remember what particular division?

Mr. CHANCE. One of them at one time was connected with the office of the assistant superintendent of buildings. The other one was a new appointee who came from the civil service.

The CHAIRMAN. How long since the superintendence of the buildings was put under the chief clerk?

Mr. CHANCE. That is since I was appointed chief clerk; within the last three years, I think. I think it probably took effect two years ago last July.

The CHAIRMAN. Do you regard that as a good arrangement?

Mr. CHANCE. Yes, sir; I think so. There is a good deal of work, and it takes quite a lot of the chief clerk's time.

The CHAIRMAN. But it does not interfere with the proper performance of his other duties?

Mr. CHANCE. No, sir; I think that should be a part of his duty, because he has charge of the charwomen, laborers, cleaners, watchmen, and carpenters.

The CHAIRMAN. Now, as to the next paragraph, appointment clerk, is he still in the office of the chief clerk or has he been transferred?

Mr. CHANCE. He is in the office of the Postmaster-General. Under the arrangement the chief clerk stands between him and the Postmaster-General. The chief clerk of the Post-Office Department acts also as chief clerk of the Postmaster-General's office, like the chief of a bureau acts for an Assistant Postmaster-General, and the appointment clerk works with him; but the chief clerk passes on all his work before it goes to the Postmaster-General.

The CHAIRMAN. The chief clerk reviews the action of the chief of the division of appointments?

Mr. CHANCE. Yes, sir; just as the chief clerk of the Third Assistant's office would review the action of the chief of the division of finance, or any of the divisions in that office, and the same thing, only in a general way, in regard to the disbursing clerk. The disbursing clerk is a bonded officer and more or less independent, but the chief clerk of the Department has really supervision over his force.

The CHAIRMAN. Does the division of appointments have anything to do with keeping a record of the applications for appointments to clerkships?

Mr. CHANCE. Yes, sir. He keeps all records in regard to appointments, promotions, and reductions. He keeps a file in his office for the Department only, not for the service outside the Department, only for people affected by the legislative bill. It is not known as the division of appointments in our office; he is known as the appointment clerk, but he is supposed to keep all records which may be addressed to the Postmaster-General and prepare the answers for the signature of the Postmaster-General. Then they are sent to the files in the appointment clerk's office. He is supposed to have a complete file of the records of all clerks.

The CHAIRMAN. Is that record duplicated?

Mr. CHANCE. It is in some cases; I think in lots of cases.

The CHAIRMAN. Then you have in the office of the chief clerk and also in the office of the appointment clerk duplicate records?

Mr. CHANCE. Not in the office of the chief clerk of the Post-Office Department. The duplication would be in the bureaus, in the office

of the chief clerk of the bureau. There is no record or any paper kept in the chief clerk's office—that is, the chief clerk of the Department. The chief clerks of the bureaus, I understand, keep more or less of a record of the clerks. I do not think there is any necessity for it. I think the appointment clerk should keep the complete record.

The CHAIRMAN. When you say "appointment clerk," whom do you mean?

Mr. CHANCE. The appointment clerk for the Post-Office Department. His name is G. S. Paull. He is the appointment clerk for the Post-Office Department. Of course there is an appointment division in the Post-Office Department that has charge of the appointment of postmasters. That is in the First Assistant's office. He has nothing to do with the appointment of clerks. That is a separate and distinct thing. That appointment clerk makes up the cases for the appointment of postmasters. Under the last appropriation it was known as the "division of appointments," and this man was known as the "appointment clerk."

The CHAIRMAN. The action of the appointment clerk, then, is reviewed by the chief clerk?

Mr. CHANCE. Yes, sir. He makes up an order for a promotion on the recommendation of a bureau officer and that passes through the chief clerk's office. The chief clerk looks over it, initials it, approves it in that way, and passes it on to the Postmaster-General.

The CHAIRMAN. Do you agree with the statement in the next paragraph, that these records could undoubtedly be simplified?

Mr. CHANCE. I hardly think I do; I think they are pretty much up to date. I never heard any criticism of them before. It might be that they could be simplified a little, but I doubt it, because that has all been gone over in the last two years and a new system adopted.

The CHAIRMAN. But even under the reform system, are not records kept still in each bureau, division, or section, just as in the office of the appointment clerk?

Mr. CHANCE. I do not know just how far that is done; I do not think it should be done. I think the records should be kept in the appointment clerk's office, all the records, anything in regard to the appointment or promotion of a person in the Department. That is his business. That is what he is appointed for. I should not think the bureaus would have the time to keep the records and fool with appointments, etc. I think all records should be kept right there in the office of the Postmaster-General.

The CHAIRMAN. And if other records are kept, you think they are superfluous?

Mr. CHANCE. I do not think any record could be kept unless it was a duplication. You could have an appointment office for each bureau, but when you do that you are bound to have duplication. If they are doing it they are doing it contrary to the orders of the Postmaster-General, because two and a half years ago he directed that all papers in regard to promotions and clerks be forwarded to the appointment clerk.

The CHAIRMAN. To return to the first paragraph, relating to the division of the chief clerk, among the duties listed is that of superintending the Government printing section. To what extent does that superintendence extend?

Mr. CHANCE. There are two men who are expert printers, and they were selected from the Government Printing Office to go over this work. They are under the direct supervision of the chief clerk.

The CHAIRMAN. They go over the forms?

Mr. CHANCE. They pass on every requisition that comes up for printing, in the first place, as to whether the printing should be done, and, if done, how, and in what form, what size paper, type, etc. Those two men have saved the Government in the last year and a half or two years many thousands of dollars. I am satisfied of that, because if they had not been there they never could have remained within the appropriation for printing.

The CHAIRMAN. They are paid out of the appropriation for printing?

Mr. CHANCE. Now; but the Postmaster-General has recommended to Congress that they be provided for in the legislative bill and be appropriated for as clerks.

The CHAIRMAN. That has not been done?

Mr. CHANCE. That has been passed by the House committee.

The CHAIRMAN. It was done?

Mr. CHANCE. Yes, sir.

The CHAIRMAN. But the item of \$350,000 was not transferred?

Mr. CHANCE. No, sir; just the clerks who take care of this printing. That is, it has not been done, to my knowledge.

The CHAIRMAN. How frequently is the contract for publishing the Official Guide let?

Mr. CHANCE. Every four years. The present contract will expire this coming July.

The CHAIRMAN. And that is given pursuant to bidding, is it?

Mr. CHANCE. Yes, sir; to outsiders, the lowest responsible bidder.

The CHAIRMAN. How long has the Official Guide been published by the firm of Lyon & Co.?

Mr. CHANCE. This is their first contract. A firm in Philadelphia had it before. I forget the name of that firm.

Mr. FAIRCHILD. Is Lyon & Co. an Albany firm?

Mr. CHANCE. Yes, sir.

Mr. CLARK. Why is not the Postal Guide published at the Government Printing Office?

Mr. CHANCE. I do not remember just what they bid last time; it was more than twice as large as the present contract, and we could not do it under the appropriation. Of course the Public Printer is given the chance of bidding on this printing. He is invited just the same as all others throughout the country who can handle the work. I do not think he bid on the work last time; I am not sure; I think he intends to bid on it this time.

The CHAIRMAN. But his bid was considerably higher four years ago or earlier than that when this contract or the preceding contract was let?

Mr. CHANCE. Whenever he was spoken to about it he did not think that he could come down to where these other fellows bid, and therefore he did not think it was worth while to bid. That is the way I remember it now. I am not positive about his bidding this last time.

The CHAIRMAN. Have you any recollection of how many bids there were the last time?

MR. CHANCE. No; but I believe in the neighborhood of ten or twelve, may be more, not more than twenty; it would be under twenty.

The CHAIRMAN. There was fairly general competition?

MR. CHANCE. Yes, sir. It is advertised in the daily papers throughout the country, the East, the West, and every place. Everybody is given an opportunity to bid. We send the advertisement to known responsible printers and request them to bid.

The CHAIRMAN. Can anybody who pays \$2 obtain a copy of the guide?

MR. CHANCE. Yes, sir. You understand it only costs us 10 cents a copy. I think it is 10 cents for a paper back copy, and 20 cents for the other.

The CHAIRMAN. Why is the price fixed so high for the public?

MR. CHANCE. I think that is wrong. I think they charge too much. They have that under consideration now at the Post-Office Department—the matter of limiting the Guide people as to the price they can charge the public. That has never been done before, but it is in the memorandum to be taken up when this advertisement is made. That has always been the charge, and the present firm keeps it up. It is too much, of course, but I think the Government is given the advantage of that charge which they make to the public. I think if they were limited, say to \$1 or to 75 cents, or if there was any limit at all put upon them, the price charged the Government would be increased. I think probably they count on this \$2 charge to the public to make up what they might lose on the Government.

The CHAIRMAN. Have you any idea how many copies are sold to the public?

MR. CHANCE. No, sir. I did know, but I would be afraid to say now. The figures are down there.

The CHAIRMAN. The present chief clerk can supply them?

MR. CHANCE. Yes, sir. I wrote J. B. Lyon & Co. and asked them about this some time ago and they told me how many copies were sold.

MR. CLARK. I understand that the printer, for instance, Lyon & Co. in this instance, furnishes the Government the Postal Guide for about 10 cents apiece?

MR. CHANCE. Yes, sir.

MR. CLARK. And then they sell the Guide to the public and charge \$2?

MR. CHANCE. Yes, sir; the Post-Office Department has nothing whatever to do with the sale.

MR. CLARK. Why would it not be a good idea to make the contract with the printer to print these volumes, as many as are needed, for the Government and the public, and if any be sold to the public let the Government do the selling?

MR. CHANCE. That is right. I think the better way, if the Government Printing Office ever gets to running on a business basis, would be for them to print the Guides and the Superintendent of Documents to sell them.

MR. CLARK. I do not think there is any question but that the Government Printing Office should do all the printing for the Government, but while this contract continues to prohibit the printers from selling them at all to the public?

Mr. CHANCE. No. I think the better plan would be to limit them as to the price.

The CHAIRMAN. You think the Government has gotten a much better price by reason of the privilege to the printers to sell the guide to the public at \$2?

Mr. CHANCE. Yes, sir; but I do not think that is giving the public a square deal.

Mr. FAIRCHILD. Have you any idea how many guides Lyon & Co. sell?

Mr. CHANCE. No, sir. The chairman just asked me that question. That information is at the Post-Office Department and can be had. I wrote them and they answered and told me just how many they sold. This year there has been a committee appointed by the Postmaster-General to go over this guide business. They were appointed six months ago, and I think they are going to institute a great many reforms in regard to it, and it might be a good suggestion to purchase all the guides just as we do the maps and charge 10 per cent increase over the cost of the guides for handling and selling them direct.

Mr. MOORE. The maps showing the postal routes in each State, or the rural free-delivery routes, one copy is furnished to each Member of Congress and then they are for sale to the public?

Mr. CHANCE. Yes, sir. They can, under the law, be sold.

Mr. MOORE. What do they cost the Government?

Mr. CHANCE. They are sold for just 10 per cent above the actual cost to the Government.

The CHAIRMAN. Is it not fair to suppose that many more copies of the Postal Guide would be sold if the price was lower?

Mr. CHANCE. Yes, sir; I think, possibly, many more. It would probably help the Government out.

The CHAIRMAN. It is possible the contractor would make more money if the price was \$1?

Mr. CHANCE. No, sir; I do not think so, because there is a certain number of people throughout the country, certain wholesale houses and business houses, that have to have this guide and they would pay more than \$2 to get it. I do not think they would increase their orders to any great extent from the people who do not buy the guide now.

Mr. FAIRCHILD. The low price of Lyon & Co. is explained by reason of the fact that they have the privilege of selling to the public at \$2?

Mr. CHANCE. That does not only apply to them, but to all the other concerns who had it before. That has been the price of the guide, and all bidders know that it has been the uniform charge. It has never been limited. I noticed in the contract that the Government has never limited the publisher as to what he could charge the public. That should be done, without any question, and it will be done, and it will be done without any action on anybody's part except the Postmaster-General's committee. They have in mind another thing, to have the guide issued on the 1st of July instead of on the 1st of January, because now it is published on the 1st of January, and after the 1st of July it is pretty much out of date, because so many more changes are made on the 1st of July than at any other time in the classification of offices, establishments, discontinuances, etc.

Mr. MOORE. Do you remember what the maps showing the postal routes cost the Government?

Mr. CHANCE. No; there are different prices for different States. They run from 80 cents to about \$1.60.

Mr. FAIRCHILD. Are there any other publications besides the guide and maps where the printer has the right to sell?

Mr. CHANCE. The maps we sell.

Mr. FAIRCHILD. I know; but any other besides the guide and maps?

Mr. CHANCE. Not in the Post-Office Department.

Mr. FAIRCHILD. Are there any in any other Department that you know of?

Mr. CHANCE. Not that I know of.

The CHAIRMAN. What are the journal clerks?

Mr. CHANCE. He is a clerk who keeps a journal in the Postmaster-General's office of all changes that are made in the service and all orders. Now it is made in duplicate and he keeps a copy. It is the final file of all changes made. It does not take all his time now to do that.

The CHAIRMAN. Is that his title in the appropriation bill?

Mr. CHANCE. No, sir; he is just known in the Department as a journal clerk.

The CHAIRMAN. What is the name of this committee that is looking into the matter of the Postal Guide?

Mr. CHANCE. It is a special committee appointed by the Postmaster-General to make recommendations to him as to what improvements can be made. That is a committee made up of officials in the Department.

The CHAIRMAN. Who is chairman of that committee?

Mr. CHANCE. The assistant chief clerk, Mr. Thompson. The committee is composed of a man from each of the divisions which will be interested in making up the guide.

The CHAIRMAN. What advantage would it be to the Department if the city post-office was removed from the building.

Mr. CHANCE. The only advantage would be that we would get the space now occupied by them and the Postmaster-General could move over from the railroad the stamp division, which should be in the Department proper, and the division of topography and the redemption division.

The CHAIRMAN. They could all be accommodated in the Department building if the city post-office was not there?

Mr. CHANCE. Yes, sir; and they should be with the Post-Office Department proper. Take the stamp division; the clerks in the Post-Office Department, as well as in the Auditor's office, have to go back and forth a couple of times a day.

The CHAIRMAN. The divisions you just mentioned, would they require all the space made available by the removal of the post-office?

Mr. CHANCE. I think they would. I think the assistant superintendent measured the space there and found it would accommodate them in good shape, without giving them any more space than they have now—possibly a few hundred feet. That is the way I remember it. They have those figures down in the chief clerk's office.

The CHAIRMAN. To what extent would space be saved by the shortening of the time that old papers, particularly paid money orders and old files, are required to be kept?

Mr. CHANCE. I can not answer that question offhand. The Auditor's office would be better able to answer as far as the money orders are concerned; they keep the money orders.

Mr. KEATING. The Auditor's office keeps all the money-order files, paid money orders.

Mr. CHANCE. I know that the Post-Office Department has a lot of files which seem to me could be destroyed if Congress would recommend it. We have a floor in the Merchants' Storage Building on E street for which we pay \$3,000 a year to keep old papers filed there. It is not an office building. I think there are lots of recommendations for the appointment of postmasters, changes, and things of that sort, which could be destroyed, but we always have to have a certain amount of storage space.

Mr. CLARK. You say that you are paying \$3,000 a year rent for storage purposes?

Mr. CHANCE. Yes, sir.

Mr. CLARK. Is that all the rent that is being paid by the Post-Office Department for its uses in the city of Washington?

Mr. CHANCE. For storage?

Mr. CLARK. No; for any purpose.

Mr. CHANCE. No, sir. We pay \$32,000 for this other building on the railroad.

Mr. CLARK. In addition to the \$3,000?

Mr. CHANCE. Yes, sir.

Mr. CLARK. Is there any other rentals?

Mr. CHANCE. We pay \$500 for a stable. I think that is all.

Mr. CLARK. Then the Post-Office Department is paying \$35,500 for outside quarters?

Mr. CHANCE. That is right. I think, however, the Postmaster-General has made a report to Congress—it is in the report of expenditures—that covers everything. Of course, that is for the Post-Office Department. You understand that the postal service rents stations all around town. That does not come out of this appropriation; it is not handled by us at all. Where we pay \$3,000 for a floor for storage purposes I think nearly the entire building is taken up by the Government; the Treasury Department has two floors, the War Department one floor, and I think some other department has a floor. They all pay \$3,000 a floor.

Mr. CLARK. For each of the different floors?

Mr. CHANCE. Yes, sir; and have been doing it for years. That is where the hall of records would come in. This site over here [indicating], where we pay \$32,000, we have the privilege of purchasing it at any time within five years at \$350,000 or \$400,000, something like that. We have a ten-year lease.

The CHAIRMAN. What does the chief clerk have to do with the estimates for supplies for the Department?

Mr. CHANCE. As to the contingent fund, he has general supervision up to the time they reach the Postmaster-General. The chief clerk makes the estimates and submits them to the Postmaster-General. That is only for the contingent expenses of the Post-Office Department.

The CHAIRMAN. What does the chief clerk have to do with making requisitions on the purchasing agent for supplies?

Mr. CHANCE. The chief clerk has to pass on all requisitions that are made by the different bureaus of the Department. That is, they have to pass through the office of the chief clerk before they go to the purchasing agent, any expenditure out of this contingent fund.

The CHAIRMAN. Only out of the contingent fund?

Mr. CHANCE. That is all. I do not think we pass on anything else that goes through the purchasing agent's hands.

The CHAIRMAN. The purchasing agent gave the committee a list of articles purchased outside of the general run of contracts called for by requisitions from different bureaus and then purchased.

Mr. CHANCE. By him?

The CHAIRMAN. Yes, sir. My recollection is that the requisitions were made through the chief clerk.

Mr. CHANCE. That is, for expenditures under this contingent fund. He probably referred also to expenditures under the postal fund—that is, the supplies that come from the supply division. He makes them, too. It amounts to a great deal more than we buy.

The CHAIRMAN. The chief clerk has nothing to do with supplies for the postal service?

Mr. CHANCE. They go through the Fourth Assistant's hands; he passes on them, just as the chief clerk passes on the contingent expenditures. He probably came up here with figures and facts prepared to answer questions. If you cite any of them to me I will answer the question, but offhand I might make a statement that would overlook something. I do not know what you refer to.

The CHAIRMAN. Here is a memorandum prepared by the purchasing agent of certain exigency purchases from July 1, 1907, to February 23, 1908, inclusive, and I understand they were all purchased pursuant to requisitions issued by the chief clerk?

Mr. CHANCE (after examining the list). Hardly any of them were.

The CHAIRMAN. The only ones which were purchased upon your requisitions were those which are indicated as ordered for the chief clerk?

Mr. CHANCE. No, sir. Perhaps some of these items marked "stock." Some of that would be for our stationery room. That stock might have been for me: I can not tell offhand whether it was or not. Take this item, "snowflake soap, \$21.60; stock, \$9;" of course I do not know anything about this particular transaction, but if you were down there and wanted some soap for your room and wanted a fairly decent sort of an article you would not touch this \$9 soap at all; you would not have it.

The CHAIRMAN. The purchasing agent stated that the quality of the article was entirely different in most instances.

Mr. CHANCE. As chief clerk, I could not furnish that quality of soap to an assistant or to any other official to wash his hands with. He would not use it. He uses a great deal better soap at home.

The CHAIRMAN. Who determines the quality of the articles for which contracts are to be let? Take the item of soap.

Mr. CHANCE. In a large majority of cases, I think the purchasing agent does, although the specifications are drawn up and then submitted to a committee on awards, and of course the recommendation of the committee on awards has a great deal to do with it. For instance, we have a toilet paper that scratches and every time you use it your fingers break through. A Congressman came down there

and he said he would rather use a corncob than that paper. That paper was recommended by the board of awards because it was cheap. It is something like sandpaper, only it is not as tough; it breaks.

The CHAIRMAN. What chance have officials and employees in the Department to make their ideas known of what they think necessary in the way of quality of the articles?

Mr. CHANCE. They are requested to submit, I think, to the purchasing agent a list of the articles that they think should be put under contract for the coming year. We have that ready now, I believe, to submit to him. It is a hard matter. You take one man and of course he will think that he ought to have an article that is a great deal better than he needs.

The CHAIRMAN. Do you not think there ought to be some board or body to consider the question and determine it and that it would be good administrative policy if articles like soap, for instance, were determined by a board representing all the Executive Departments?

Mr. CHANCE. I think so; yes, sir.

The CHAIRMAN. And have a standard?

Mr. CHANCE. Yes, sir; and have an order made that no other soap could be used. If I had an order of that kind I could give them this \$9 grade of soap and make them use it, but I can not do that unless I have backing from higher up. You take one of the higher officials and he wants something better, especially in the soap line or anything like that.

The CHAIRMAN. Do you know of any committee in existence at the present time that is considering the matter of standardizing general supplies for the Department?

Mr. CHANCE. I think they have such a committee and I think Mr. Cochran is a member of that committee. That committee is made up of members from the different Departments.

The CHAIRMAN. Is that under the Keep Commission?

Mr. CHANCE. I do not know whether it is under the Keep Commission or not.

The CHAIRMAN. He was some time ago a member of a subcommittee of the Keep Commission.

Mr. CHANCE. That is probably the committee I had in mind.

The CHAIRMAN. Do you know who the members of the board are which is provided for in the Dockery Act?

Mr. CHANCE. I know the representative of the Post-Office Department is designated every year by the Postmaster-General. He must be an Assistant Postmaster-General and I think they usually select the Fourth Assistant, who has more to do with supplies than anyone else. But what can they do? They do not have time to do anything. They go up there and have a force of clerks and they have to rush this thing through in a week or two. They do not know what they are passing upon.

The CHAIRMAN. Do they have to rush this work through in a week or two?

Mr. CHANCE. I do not know whether they have to or not, but they have not the time to spend on that matter. It seems to me there should be such a board appointed that had nothing else to do, so as to give some attention to it. In the first place, they know nothing about it when they go up there, and when they get through they do not know much more. They do not have the time to devote to it.

They get the specifications out in March, in order to get the bids in, and this board has a whack at it after everybody else has gotten through, and they must get it through by the 1st of July, so as to get the supplies that should be bought before the first of the calendar year.

The CHAIRMAN. There is probably no question about the desirability, from the standpoint of good administration, to have the character of the articles fixed which are to be used in the Department prior to the letting of contracts, and securing them under general contracts as far as practicable, is there?

Mr. CHANCE. I think that would be the proper way, and it would be a great improvement on the way it is run now.

The CHAIRMAN. In this list, as I understand it, each particular item called for was purchased separately, and as a number of them are the same articles, probably a better price could have been secured if they had all been contracted for at one time?

Mr. CHANCE. That might be, but some of the things I have to buy—for instance, a dozen oak desk trays, \$4.50—I might not have to buy any more for a whole year.

The CHAIRMAN. I notice that there are not very many of those.

Mr. CHANCE. The items bought in this way would not amount, in my appropriation, to \$200 a year. That is just offhand, of course. I could probably take this list and go down and explain my items. Take this thousand feet of spruce shelving for the carpenter. I asked for that an inch or two shorter just because I could buy it at that price. We did not have enough money to buy the contract article.

The CHAIRMAN. And it answered the same purpose?

Mr. CHANCE. Yes, sir. The size I bought was an inch or two longer or shorter.

The CHAIRMAN. That is one exception to the general rule that higher prices have to be paid?

Mr. CHANCE. Yes, sir. Here is a desk for the chief clerk, \$98. I guess that is the desk I used myself. I suppose I could have bought one for \$40.80. I could have bought a cheap desk or I could have bought a washstand for \$20, just something to work on, but it would not have suited to go in my room or this room. This contract desk is the one that is furnished to all the clerks. I could have done the same work on it as on the higher price desk, but it would not have been in keeping with the furniture in the room.

The CHAIRMAN. How about the requirements of the position?

Mr. CHANCE. That might have something to do with it. It is a larger desk than the contract desk.

The CHAIRMAN. The purchasing agent said that it was a larger and better desk.

TESTIMONY OF MR. C. H. KEATING, DEPUTY AUDITOR FOR THE POST-OFFICE DEPARTMENT.

C. H. KEATING, having been first duly sworn, testified as follows:

The CHAIRMAN. How long have you been Deputy Auditor?

Mr. KEATING. I will have been there two years the 20th of next April.

The CHAIRMAN. What position did you have prior to that?

Mr. KEATING. No position in the Government service.

The CHAIRMAN. What had been your previous work?

Mr. KEATING. Attorney at law.

The CHAIRMAN. Have you read the statements of the experts employed by the Joint Commission on business methods?

Mr. KEATING. I have read it casually; I have not given it any study. We have only been able to get a copy within the last few days.

The CHAIRMAN. Have you observed any misstatements of fact?

Mr. KEATING. I can not say I have, but I have heard that there are some misstatements of fact. Do you think of any, Mr. Duncan?

Mr. DUNCAN. Yes, sir; there are by inference in some cases, as I remember it, a direct contradiction of conditions as they exist.

The CHAIRMAN. I observe on page 41, in the third paragraph, under heading 6, the statement is made, "There is no proper system of accounting by double entry, with the result that there is no efficient check upon errors whether in the accounts of postmasters or of other officers." Do you think that is a true statement as applied to the officials whose accounts your office audits?

Mr. KEATING. It is true that there is no system of double-entry bookkeeping.

The CHAIRMAN. Is it true that there is "no efficient check upon errors?"

Mr. KEATING. No, sir; I would not say that is true.

The CHAIRMAN. Do you think it would be an additional check upon errors if there was a double system of bookkeeping?

Mr. KEATING. Undoubtedly.

The CHAIRMAN. Would that be more or less expensive than the present system?

Mr. KEATING. I do not know what to say about that. Mr. Duncan is chief of the division which handles that and he is very much more familiar with it than I am. Undoubtedly, though, it would be more expensive.

The CHAIRMAN. Suppose we take that up under Mr. Duncan?

Mr. KEATING. My duties do not get me into the detail of this business, so I am not familiar with the details. My principal duty is to sign my name.

The CHAIRMAN. To what extent are you able to satisfy yourself of the propriety of signing your name?

Mr. KEATING. I depend altogether on the approval of the chiefs of division who have examined it and put their initials upon it. I have to sign about 300,000 warrants in the course of a year, and so it would be impossible for me to examine them at all, to give them even a casual examination.

The CHAIRMAN. Except for the multiplicity of signatures the interests of the Government would be as well protected if the chiefs of division who now initial were to sign in lieu of yourself?

Mr. KEATING. Practically so except for the law which provides that somebody must sign for the Auditor, and the law directs that the deputy auditors are the ones to sign for him. The chiefs of division would not have the time. They supervise the work directly in the various divisions.

The CHAIRMAN. In the last fiscal year there was paid \$24,575,696.10 as compensation to postmasters. How does the Auditor satisfy

himself that the compensation to postmasters is accurately and properly fixed?

Mr. KEATING. He has nothing to do with the fixing of the salaries, as I understand it; that is fixed by the Post-Office Department. Am I right about that?

Mr. DUNCAN. As far as Presidential offices are concerned. Fourth-class offices are based on commissions.

The CHAIRMAN. Are the amounts of money paid to postmasters for compensation audited?

Mr. KEATING. Yes, sir.

The CHAIRMAN. All of them?

Mr. KEATING. Yes, sir.

The CHAIRMAN. But the Auditor is governed by the figures furnished him as to what the salary of a particular postmaster should be?

Mr. KEATING. Yes, sir; by a notice from the Post-Office Department. He merely looks to see that the amount has been paid.

The CHAIRMAN. And does not review the action of determining that amount?

Mr. KEATING. I think not.

The CHAIRMAN. How about clerks in charge of contract stations?

Mr. KEATING. That is done in the same manner.

Mr. DUNCAN. That appointment, like all others in the postal service, is at the discretion of the Postmaster-General, who fixes salaries commensurate with the work to be performed and certifies the facts to the Auditor.

The CHAIRMAN. Is there any review of the action of the Postmaster-General in granting allowances for rent, light, and fuel?

Mr. KEATING. No review, as I understand it.

TESTIMONY OF D. W. DUNCAN, CHIEF, BOOKKEEPING DIVISION, OFFICE OF AUDITOR FOR THE POST-OFFICE DEPARTMENT.

D. W. DUNCAN, being first duly sworn, testified as follows:

The CHAIRMAN. How long have you held this position?

Mr. DUNCAN. Since November, 1897.

The CHAIRMAN. And prior to that, what position did you hold?

Mr. DUNCAN. A clerkship in the bookkeeping division.

The CHAIRMAN. For how long?

Mr. DUNCAN. From 1890, some time in 1890.

The CHAIRMAN. Until your appointment as chief?

Mr. DUNCAN. Yes, sir.

The CHAIRMAN. The compensation of clerks in charge of contract stations is understood to be fixed in accordance with the work done, the sale of postage stamps, the sale of money orders, the registration of letters, each branch having a certain rating?

Mr. DUNCAN. Yes; and the salary fixed includes the furnishing by those clerks of quarters, rent, light, and heat and all the clerical work required at that station.

The CHAIRMAN. What review of the action of the Postmaster-General in fixing a certain amount as the compensation of such clerks is made by the Auditor?

Mr. DUNCAN. None. Under the law the Postmaster-General, as executive officer, fixes the compensation and we have no power to review his action.

The CHAIRMAN. In like manner does the Postmaster-General fix the compensation of postmasters without authority of the Auditor to review the accuracy or error of that action?

Mr. DUNCAN. Yes; he is charged by law with the annual adjustment of salaries at Presidential post-offices.

The CHAIRMAN. And is the same thing true of rent, light, and fuel at first, second, and third class post-offices?

Mr. DUNCAN. Yes, sir; with the limitation of \$480 as the maximum amount which may be allowed at third-class offices for the item rent, light, and fuel. We review that to see that it is not exceeded by third-class offices.

The CHAIRMAN. But you do not go into the question of the propriety or error of an allowance not in excess of the maximum?

Mr. DUNCAN. No, sir; that is an executive matter and not an accounting one. We have no power or authority to do that. That is committed to the judgment and discretion of the executive officer.

The CHAIRMAN. And is the same thing true of allowances for clerk hire for separating mail?

Mr. DUNCAN. Yes, sir.

The CHAIRMAN. Of what do the functions of the Auditor consist in auditing accounts for the matters that have just been referred to?

Mr. DUNCAN. I take it that you are asking this question as applied to the present practice and method now in vogue?

The CHAIRMAN. Yes, sir.

Mr. DUNCAN. He receives the quarterly postal accounts from postmasters direct without their having had any administrative audit. Thereupon he passes upon the claims for credits in those accounts for expenditures made by postmasters under allowances granted by the Department. Before a credit is allowed the Auditor satisfies himself from the voucher furnished that the money has actually been expended for the purpose named, and that the expenditure is legal and is covered by an appropriation.

The CHAIRMAN. And in the matter of a credit claimed for allowance for rent, light, and fuel you ascertain what the action of the Postmaster-General has been in fixing that allowance?

Mr. DUNCAN. He has certified to us an allowance of a fixed amount for the use of a certain post-office. When that account comes in and the postmaster has made an expenditure for fuel in the account and the vouchers furnished justify the claim we then see that the Postmaster-General has authorized it and certified it to us. All of that being determined, we then pass the credit, but not until it is so determined.

The CHAIRMAN. A couple of years ago a case was exploited where Mr. Beavers was supposed to have replied to a request to increase the allowance to a certain postmaster. He replied that he found according to the rule adopted by the Department that the postmaster was entitled to \$60 per annum. He was then given \$500 per annum and later was granted \$800 per annum. Do you recall that case or any similar case?

Mr. DUNCAN. I do not; I can not understand how such a thing could be.

The CHAIRMAN. In the report of the minority of the McCall Committee made to the House of Representatives in March, 1904 (Report

No. 2372, 58th Cong., 2d sess.), appears this part of a letter, dated March 11, 1901:

SIR: I have the honor to advise you that the report just received from the postmaster at Kingman, Kans., showing amount of transit mail handled at that office, it is found that the allowance for clerk hire warranted by the business transacted is \$60 per annum. An allowance of \$500 per annum, however, is standing to the credit of that office for the purpose.

Very respectfully,

G. W. BEAVERS, *Superintendent.*

The report says:

This letter was not written to suggest investigation. It is marked "personal," and on the same day that Mr. Beavers wrote it he also wrote to a gentleman who had made inquiry in behalf of the Kingman postmaster. In this letter Beavers also stated that while the postmaster was entitled to only \$60 clerk's services, nevertheless "no reduction will be made in the amount (\$500 per annum), now standing to the credit of that office for that purpose."

Notwithstanding the basis fixed for allowance of clerk hire to post-offices of the class of Kingman, Kans., made \$60 the maximum for clerical services, yet if it were certified to the Auditor that the amount had been fixed by the Postmaster-General at \$500 per annum, it would not have been within the province of the Auditor to go behind the certificate and ascertain the facts?

Mr. DUNCAN. No. That statement is correct for the reason that this limitation that you refer to is purely a departmental matter, subject to change any day by the Postmaster-General. Furthermore, the record of business warranting the amount of clerk hire to be allowed is purely a statistical matter and recorded only in the Post-Office Department. The number of separations required of mail at junction points for different routes is the basis, as I understand it, for making these allowances, and a very small office can have a large allowance while a comparatively large office might have a very small allowance, and yet in each case the allowance would be, if made in accordance with the established rule of the Department, correct on their own schedule.

The CHAIRMAN. But would it be anything more than a reasonable provision if the law required the basis of allowance to be fixed and certified to the Auditor and likewise the statistics under which the allowance to a particular office was to be determined, in order that there might be some check upon the person holding the position such as was held by Mr. Beavers in 1901?

Mr. DUNCAN. If the law was so changed, that could be done, but then you would be putting under the control of the Auditor functions of an executive office, and you would be greatly increasing the cost of administration, because there would have to be duplicate records kept in the Auditor's office in order to check against similar records in the executive office, and that would take a large force of clerks and a great deal of work to manage.

The CHAIRMAN. What executive functions would that be putting on the Auditor?

Mr. DUNCAN. The determination of the needs of the service.

The CHAIRMAN. Not at all. The Postmaster-General determines the needs of the service in the formulation of his rule determining allowances. The Postmaster-General is to ascertain the facts as to the work done in the particular office, and it is simply a matter of computation as to whether the allowance is in accordance with the

rule and the facts ascertained under the Postmaster-General's authority.

Mr. DUNCAN. Then you would still leave the discretionary power with the Postmaster-General and simply have him certify to us his schedule on which his allowance would be based, in accordance with certain amounts of work performed of which he would receive reports and which reports would be certified to us?

The CHAIRMAN. Yes, sir.

Mr. DUNCAN. We would then require a sufficient number of clerks to keep those records and make the same computations that the Postmaster-General would have to make in determining the amount of the allowance and then check the amount of allowance which might be granted under the schedule and the work performed as ascertained in our office as against the allowance actually certified by the Postmaster-General, which would make that much more work in the Auditor's office, which is considerable.

The CHAIRMAN. But would it not be worth while?

Mr. DUNCAN. I question whether it would justify the expense.

The CHAIRMAN. Would it not absolutely remove favoritism in the making of allowances?

Mr. DUNCAN. It might have that effect, yes; as it would be a hard-and-fast rule to be followed as far as the maximum amount of allowance was concerned.

The CHAIRMAN. Then it would make impossible an allowance of \$500 where the facts under the rule were ascertained, as Mr. Beavers ascertained them, to call for a \$60 allowance?

Mr. DUNCAN. Yes, sir; I think it would. I might add right here that you single out the separating clerical hire as your illustration of this matter, but to carry the same idea to its logical conclusion it would be necessary to go through the same form with all the other appropriations in which the Postmaster-General has discretion and fix allowances, and that would entail a vast amount of work in our office, requiring corresponding clerical force.

The CHAIRMAN. A vast amount of work is required in your office now?

Mr. DUNCAN. Yes, sir.

The CHAIRMAN. If it is not worth while in regard to those matters wherein abuses have occurred at times, is it worth while as to anything?

Mr. DUNCAN. That is a broad question, and could only be determined by very careful investigation. It is supposed that responsible high officials of the Government, to whose judgment is committed the executive direction of the public service, will exercise their functions for the good of the public. Now, to what extent a check should be put upon them is, of course, a matter of opinion.

The CHAIRMAN. But the high public officials have absolutely no knowledge of the minutia. What does the Postmaster-General know about the allowances to different post-offices in the country for clerk hire, for separating, or for other purposes?

Mr. DUNCAN. When I say "high public officials" I come down further than the head of the Department—responsible assistants, superintendents, and agents, who are selected to supervise just such work.

The CHAIRMAN. And the higher the official the less likelihood of his failure to do the right thing. Is not that a fair presumption?

Mr. DUNCAN. I would not like to say that. I would not like to say that the head of the Department is less likely to do a wrong act than I am. I do not think he is.

The CHAIRMAN. Assuming that any of you are in the least likely to do a wrong thing—I am talking about personal instances—"present company is always excepted"—the higher the position held the greater the check on the individual, is it not, by reason of the greater likelihood of attention being called to his action provoking criticism?

Mr. DUNCAN. Possibly that is true. The head of a Department has a much broader field to cover than the head of a bureau or the head of a division. He is just that much further away from the minutia and detail of the work, and to that extent necessarily less conversant with it. He must rely upon his assistants and staff in the administration of his office, of course.

The CHAIRMAN. You think there is very little danger of the superintendent abusing his position?

Mr. DUNCAN. The personal equation comes in all the time—the integrity of the man.

The CHAIRMAN. We have had two quite noticeable instances of general superintendents going wrong, have we not?

Mr. DUNCAN. I believe that is a matter of record.

The CHAIRMAN. Unfortunately.

Thereupon, at 12.30 p. m., the committee took a recess until 2.30 p. m.

AFTER RECESS.

The committee met pursuant to adjournment.

TESTIMONY OF D. W. DUNCAN, CHIEF, BOOKKEEPING DIVISION, OFFICE AUDITOR FOR THE POST-OFFICE DEPARTMENT—Continued.

The CHAIRMAN. Have you any explanation to offer of the statement near the bottom of page 45 in the report of the experts to the Joint Commission against the Southern Pacific Railroad Company and the Central Pacific Railroad Company?

Mr. DUNCAN. The statement is made there that this is carried forward as a liability in the Post-Office Department. The fact is the Pacific Railroad account is not incorporated in the account of expenditures for the Post-Office Department and has been given special treatment, I think, under a specific act of Congress, and the accounts have been certified to the Secretary of the Treasury who has kept the accounts up there. As the Pacific roads were land-grant companies they were debtors to the Government. As a result of many investigations and reports by Congressional committees and others a settlement with the Pacific railroads was finally made on a certain basis, and credits were placed to the railroads' accounts by the Secretary of the Treasury, which gradually wiped out their indebtedness, and, among others, was this item which appeared on the books. The Secretary of the Treasury as far back as 1899—I think the date shown in this report is correct—made a settlement, clearing up this item, but for some reason, which I do not know, the fact was not

certified to the Auditor to enable him to make the entry on the face of his books. The item was an old one of long standing and simply was not closed out until the question was raised by this Commission, who found this open account and a few accounts due the railroad companies. This was then investigated, and after due investigation the Secretary of the Treasury wrote the Auditor a letter which enabled him to close this item. It was apparent and not a real liability of the Government at that time and did not enter into our account of expenditures in the Post-Office Department. I might add that the report of the Joint Commission referred to notes the fact that the settlement was actually made.

The CHAIRMAN. As far back as 1899?

Mr. DUNCAN. Yes, sir; as far back as 1899. In the late fall of 1907 entries were made in the Auditor's books closing that account.

The CHAIRMAN. Have you any comment to make at this time relative to the statement at the top of page 46 in the second paragraph. "The books are kept on a single-entry basis on the most antiquated lines?"

Mr. DUNCAN. Well, that statement should have been modified. The books are kept in part on a single-entry basis; that they are "on the most antiquated lines" is, in my judgment, unwarranted. The accounts as kept bring accurate results. We do not have, and it has always been known and commented upon, a complete double-entry system that could be balanced out and checked and proved, and there are obstacles in the way at the present time, due to various causes, including laws which would render a double-entry system of bookkeeping and balancing out practically impossible. The whole system would have to be revolutionized to do it.

The CHAIRMAN. The further statement is made, "Many of the subsidiary books which form part of the bookkeeping system are not even added." Is that true?

Mr. DUNCAN. I can not think what that refers to and do not know of any books involved in the accounting that are not added. The expert accountants may have had in mind some memorandum books containing data that could have been kept in other than book form, except the book form was deemed the most convenient and did not involve accounting so far as arriving at the amount of revenue and expenditures was concerned.

The CHAIRMAN. Is there any other statement you desire to make at this time?

Mr. DUNCAN. Yes, sir. I would like to call your attention to the reference at length by the expert accountants to sundry of our accounts running along on pages 46, 47, 48, and 49, which appear to be comments along the same general line, namely, that no controlling accounts are kept for the various items commented upon, and for that reason are not proven out and checked out to be absolutely sure as to their accuracy. We do provide numerous checks in our system of bookkeeping and settlement of accounts whereby we attain, as we firmly believe, accurate ratings, and I would like to point out that the expert accountants themselves, on page 50, in the third paragraph, under the general head "Grants from the Treasury," say that, "While it has been necessary to deal at some length and seriously criticise the methods of this office by reason of the im-

portance of the subject, it is only fair to state that improvements have been effected in recent years," and many such have been instituted to insure accuracy, simplify the work, and attain better results without corresponding increase in force due to our growing business; and, furthermore, the expert accountants go on to say that it is only fair to state that the responsible heads of the divisions are fully alive to many of the things they comment on in this report. They also say that under existing conditions, which are ascribed to various causes, political and otherwise, a complete revolution, rather than reform, is needed, and that so long as the main lines of the present system are continued—which system is under our present laws—any changes therein can not materially improve the situation. In other words, I understand their language to say that the Auditor's office, accepting the facts as they exist, is doing practically the best that can be done to-day in the matter of accounting.

The CHAIRMAN. You mean considering the laws as they are and the means that are provided?

Mr. DUNCAN. And the method in vogue.

The CHAIRMAN. If the method in vogue is not one required by law or compelled by the size of the appropriation, it might be changed?

Mr. DUNCAN. Yes, sir; but it could not be so changed as to make possible this ideal system of double entry controlling of accounts and balancing out under such a system of accounting.

The CHAIRMAN. Have you any special thought about improving the methods?

Mr. DUNCAN. Yes; constantly since having charge of a division a very great number have been adopted, from time to time.

The CHAIRMAN. The rule governing the committee in its functions reads as follows:

RULE XI.—*Powers and duties of committee.*

All proposed legislation shall be referred to the committee named in the preceding rule, as follows, viz: Subjects relating—

* * * * *

42. The examination of the accounts and expenditures of the several Departments of the Government and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; the enforcement of the payment of moneys due to the United States; the economy and accountability of public officers; the abolishment of useless offices; the reduction or increase of the pay of officers, shall all be subjects within the jurisdiction of the nine standing committees on the public expenditures in the several Departments, as follows:

* * * * *

47. In the Post-Office Department; to the Committee on Expenditures in the Post-Office Department.

Can you give us any suggestion touching the proper performance of our duty under that very comprehensive rule?

Mr. DUNCAN. As you say, that is a very comprehensive rule, and I do not feel justified in attempting to outline your duties other than that they are extremely broad. They take up many subjects. Inquiring into the expenditures under these appropriations, their correctness, to prevent extravagance, etc., and to make such adjustment of salaries of officers and employees as is equitable, I take it, etc., is

a big subject. I think in part that the lines of the investigation conducted during last year by two firms of expert accountants were in part to note the accuracy of the expenditures under the appropriations. They had a large force of highly paid men and worked a long time.

The CHAIRMAN. The Auditor looks to the correctness of expenditures and their conformity with appropriation laws rather than to their economy or justness?

Mr. DUNCAN. He does not, as a rule, question the necessity for a thing. That is determined by the executive officer. Should the Auditor, however, find what, in his judgment, might be a flagrant waste of public money, he would feel justified in calling the Postmaster-General's direct attention to this particular item, as it may have been approved in routine business by the Department without the head knowing specifically of this particular thing.

The CHAIRMAN. That is the Auditor; but take the division of book-keeping, does that concern itself with the economy or justness of expenditures which are in conformity with appropriation laws?

Mr. DUNCAN. My answer would be that the clerk in the bookkeeping division who discovered such an item would bring it to the attention of the chief of division, who in turn would bring it to the attention of the Auditor, and he to the officials of the Post-Office Department, questioning the particular item, whether it was known that such expenditure and similar expenditures were being made, and whether there was really necessity for those things.

The CHAIRMAN. Take the accounts of fourth-class postmasters setting out a certain number of cancellations, what more does your division do than to make a record of those accounts?

Mr. DUNCAN. Very much more. The cancellations are reported to us on a blank which carries a space for the entry of the daily cancellations. If cancellations are entered on a date that does not exist, for example, the 31st of April, if the postmaster should so report it, that is either stricken out or inquired into to see whether he has only entered cancellations for the number of working days in April, less the Sundays; if his report shows that his office is not open and doing business on Sundays, then we would assume, if the amount was small, that the postmaster had just dropped down a line somewhere in the middle of a week and followed that in and entered as April 31 an entry which really belonged to April 30, and push the whole line up, if, in fact, he only showed the proper number of working days in the month. In other words, in that case the item would be stricken from the account and the cancellations allowed. When the cancellations are very large on any one day, an explanation is asked. If it happens in a small place where the cancellations are from \$1.50 to \$2 a day that a wedding or a grange picnic or some public affair has necessitated sending out a large number of circulars, and for a day or two the cancellations may jump up eight or nine or ten dollars, we ask for an explanation, "Why is this?" and we endeavor to scrutinize those accounts intelligently and thoroughly to see that there are no credits given which should not be given. We do not by any means just accept them as rendered and pass them along.

The CHAIRMAN. What other fact besides an exceptionally large daily cancellation causes you to make inquiry?

Mr. DUNCAN. When the cancellation of stamps for the quarter are in excess of the sales of stamps for the quarter we have the matter investigated to ascertain whether it is possible that the postmaster may be systematically padding his cancellations and distributing them over his reports so as not to create a showing of false business.

The CHAIRMAN. On page 53 the accountants suggest the dividing of post-offices into accounting and nonaccounting offices. On page 5 the commission says that it is profoundly impressed with the wisdom of the accountants' report in recommending that the practice of requiring needless detailed reports from small post-offices be discontinued. Have you given any thought to the practicability of largely diminishing the number of accounts in post-offices and still protecting the business of the Government?

Mr. DUNCAN. No; I can not say that I have ever thought of any feasible plan for doing that. I think the experience of our office in the examination of these accounts shows that so many mistakes are made by fourth-class postmasters in rendering their accounts that are caught in the review of this daily transcript of cancellation that if that were abolished and totals accepted from them, which could not be verified in the Auditor's office, simply accepted, such errors would pass undetected and the Government would be the loser from it, to what extent, I can not say.

The CHAIRMAN. Are you familiar with the method of testing the accuracy of the postmaster's report of daily cancellation?

Mr. DUNCAN. Only by hearsay. That is, I have understood that when they suspect a postmaster of padding his cancellations a count is kept on him in each direction in which his mail is forwarded, and the matter emanating at his office is examined for a certain number of days. I do not know how many, and the valuation of the stamps affixed to such matter is counted and checked up and compared with the records he keeps and the claim he makes for compensation during that same period, which is, perhaps, thirty days.

The CHAIRMAN. Who makes that test?

Mr. DUNCAN. As I understand it, the post-office inspector.

The CHAIRMAN. Personally?

Mr. DUNCAN. Possibly with the assistance of the railway mail clerks or neighboring postmasters each way. It could hardly be expected that an inspector would put in thirty days trying to check up a small fourth-class post-office.

Mr. CHANCE. That is the way it is done, by railway mail clerks and other postmasters, not by the inspector.

Mr. DUNCAN. But under his direction and supervision.

The CHAIRMAN. Is there not a circumlocution there in the intervention of the inspector?

Mr. DUNCAN. He is as far as I know the only representative of the Department in the field who could be called upon to look after such matters. It would scarcely be possible to have such a count instituted and directed by correspondence. There are several reasons for that, his understanding and following of written instructions sent heretofore. The inspectors have a pretty thorough knowledge of the officers and personnel of the service in their districts, and they might hesitate to place a certain adjacent office as a check on his neighbor on account of the known relations between the two

postmasters, and he might skip that post-office and go farther away and place his check in that direction at that point.

Mr. CLARK. Is there any statute, to your knowledge, which gives the orders made by the Postmaster-General or by the Department the force and effect of law?

Mr. DUNCAN. While I can not refer to that by statute number and so on, there is a statute to the effect—I may not use the words correctly—that all regulations made by the Postmaster-General not inconsistent with law shall have the force and effect of law.

Mr. CLARK. You can not cite us to that section?

Mr. DUNCAN. No.

Mr. CLARK. It is in the Revised Statutes?

Mr. DUNCAN. I should suppose so.

The CHAIRMAN. Please keep the duties of the committee in mind in connection with your examination of the report of the expert accountants, and if anything occurs to you that would be of value to the committee, kindly communicate it to us?

Mr. DUNCAN. Yes, sir.

TESTIMONY OF MR. B. P. COVERT, SUPERINTENDENT DIVISION OF SUPPLIES—Continued.

The CHAIRMAN. Have you the data that was referred to the other day?

Mr. COVERT. I think you simply asked me for a sample of the twine [producing sample of twine].

As to the information you asked for the last time I was here, concerning the total number of clerks transferred under this reorganization, I would like to read the last paragraph of a memorandum which I have here:

When the reorganization was begun the personnel of the division was composed of the superintendent, assistant superintendent, 67 clerks, and 31 messengers, assistant messengers, laborers, and pages. To-day the personnel of the division is composed of the superintendent, assistant superintendent, 47 clerks, and 34 messengers, assistant messengers, laborers, and carpenter—a reduction of 20 (salaries ranging from \$900 to \$1,800 per annum) in the clerical force, and an increase of three in the laborers' force.

The CHAIRMAN. Which bureau or division has gotten the benefit of that reduction in the clerical force?

Mr. COVERT. The Fourth Assistant's Office largely.

The CHAIRMAN. Entirely?

Mr. COVERT. I believe so. I do not recall that any of the clerks went to other bureaus, unless it was on transfer, another clerk coming in his place. The majority of them went to the division of dead letters.

The CHAIRMAN. Had all this division of supplies been under the Fourth Assistant?

Mr. COVERT. No, sir; certain lines of supplies formerly were managed by the Third Assistant and the First and Second Assistants.

The CHAIRMAN. How did the clerks who were under the Second Assistant and Third Assistant get under the Fourth Assistant in the consolidation?

Mr. COVERT. In the general reorganization which took effect in December, 1905.

The CHAIRMAN. After which they were regarded as a part of the Fourth Assistant's office?

Mr. COVERT. Yes, sir. That does not mean the clerks in every one of the bureaus were transferred to the Fourth Assistant's office. I believe some clerks did go from the Third Assistant's office and the First Assistant's office, but I do not recall that any went from the Second Assistant's office.

The CHAIRMAN. That is, after 1905, they were under the Fourth Assistant?

Mr. COVERT. I believe that was when the reorganization became effective.

Mr. CHANCE. December 5. The latter part of November or the first part of December.

The CHAIRMAN. The general instructions concerning blanks and other supplies are shown on page 166 and following pages of the Official Postal Guide. Are fourth-class postmasters supplied with every kind of supply?

Mr. COVERT. There are many supplies furnished to first and second class offices that are not furnished to fourth-class offices.

The CHAIRMAN. Are the fourth-class offices furnished with all the supplies indicated in this list, providing they make a requisition for the same?

Mr. COVERT. An office which is not a rural delivery office, for instance, would not be entitled to certain supplies that a rural delivery office is. An explanation is made on the requisition form to that effect. The same is true of a money-order office and a nonmoney-order office.

The CHAIRMAN. Is there any ascertainment of the actual needs of the office?

Mr. COVERT. To a certain extent in the information given on the requisition.

The CHAIRMAN. Do you look to see what business the office is doing before acting upon the requisition?

Mr. COVERT. Yes, sir.

The CHAIRMAN. The statement was recently made to me that prior to the reorganization of the supply department there was a list of essential supplies determined for fourth-class offices and only the character of supplies mentioned therein was furnished, unless actual necessity for other supplies was shown, and that the substitution of this list and sending it to each postmaster had led to a largely increased demand for supplies. Have you any knowledge as to that?

Mr. COVERT. I can not agree with that statement at all, because the great bulk of supplies furnished to fourth-class offices is merely printed forms. They are allowed no stationery outside of ink and pens for money-order business, satchels and straps and pencils, for their rural carriers, furniture for their rural carriers, and twine and facing slips. There is really no change made in the supplies furnished to fourth-class offices.

The CHAIRMAN. Would there not be a large increase of expense in the transmission of supplies from the general depot to the offices in the departmental building if the furnishing of the departmental supplies was made one of your functions?

Mr. COVERT. I do not see why. For instance, take a typewriter concern; they would deliver a typewriter to the post-office building

just as cheaply as they would to the Department annex. So far as that goes, the board of inspection could be in the main building to inspect the stuff received there for the people in the Department proper.

The CHAIRMAN. I have been told by a very experienced and capable gentleman that the supplies could not be either satisfactorily or as economically handled, if they were kept near the Union Station?

Mr. COVERT. A difference of opinion, that is all.

The CHAIRMAN. And that it would delay deliveries?

Mr. COVERT. Wagons go back and forth between the Department and the annex daily now. The supplies that are used in the supply division proper for office use are furnished through the chief clerk of the Department, and are brought over to us from the main building, also brought to the topographer's division, the stamp division, and the redemption division.

Mr. FAIRCHILD. I noticed in your statement the other day, that reference was made to ink tablets. Is the ink made from those tablets satisfactory?

Mr. COVERT. I told the chairman the other day that I preferred not to make a statement on ink at this time. I think the Postmaster-General will have something to say on the subject later.

Mr. FAIRCHILD. Do you not know of your own knowledge?

Mr. COVERT. Personally I believe the ink is satisfactory.

Mr. FAIRCHILD. Have you had a good many complaints?

Mr. COVERT. Yes, sir; but the same is true of every other kind of ink furnished by the Department in the past.

Mr. FAIRCHILD. I understood in the use of the ink there has been a great deal of complaint in the money-order business that it was not a fast ink and rubbed off easily. Have you heard that?

Mr. COVERT. Yes, sir.

Mr. FAIRCHILD. If that is true, I should not think it would be a good ink to use.

Mr. COVERT. If the ink will rub off after it has been properly mixed, it certainly is not fit for money-order business.

The CHAIRMAN. Have you seen any rubbed money orders?

Mr. COVERT. I have had orders that I prepared myself and had others prepare and I have done my utmost to rub the ink from such orders and I have succeeded in rubbing away the paper, but not the ink. I believe I showed some orders to you, Mr. Chairman, where I failed to erase the ink.

Mr. CHANCE. As Auditor, I wrote a letter to the Postmaster-General in regard to that matter. I saw some of the orders rubbed off with a sponge dipped in the water. It rubbed the ink off the money order without injury to the paper at all. That, of course, is not the fault of the powder, but it is the fault of the way it is mixed. You can not get the postmaster to follow the directions of mixing and that is where the fault would be, if there is any. They will not mix it properly; they will take one of these tablets and make twice as much ink as they should.

Mr. FAIRCHILD. I should not think that the tablet would be fit for the Government purposes if it rubs off so readily.

Mr. COVERT. The postmaster in Washington, I understand, has complained about the ink. The superintendent of the registry division of the Washington City post-office has used it himself and

used it through his division. He says that some of the clerks say it is the best ink ever furnished and he himself says it is fine. I have had other similar cases.

Mr. CHANCE. It would be a great saving to the Government if it could be used in that shape.

Mr. FAIRCHILD. The matter of using ink that is not properly made in the filling up of money orders is very important, and if it can not be properly mixed by the postmaster it should not be used.

Mr. COVERT. If there is a sufficient saving to warrant the use of this ink tablet, I think it would be proper to remove a postmaster if he did not comply with the instructions in mixing the ink, because the ink properly mixed, in my opinion, is satisfactory.

The CHAIRMAN. Have you a copy of the directions for mixing the ink?

Mr. COVERT. No, sir; I have not.

The CHAIRMAN. Will you furnish the committee with a copy?

Mr. COVERT. Yes, sir. I will send you a sample package of the ink.

The CHAIRMAN. Do you wish to say anything further about the departmental supplies, Mr. Chance?

Mr. CHANCE. Not unless you want to ask me something further on that subject.

The CHAIRMAN. The only thing that occurs to me is would the present delivery service between the departmental building and the annex be sufficient in case the departmental supplies were transferred to the division of supplies?

Mr. CHANCE. From my knowledge I say it would not. I think the horse and wagon has all it can do now. It is very hard work to get the use of the wagon at any time; you have to fight all day now to get it. It is busy all the time, and if you add any additional duties I think you will have to get another horse and wagon and driver.

The CHAIRMAN. How much increase of force do you think it would require for you to handle the departmental supplies?

Mr. COVERT. I can not say. I do not know at present what they amount to.

The CHAIRMAN. There are two clerks employed, one at \$900 and the other at \$1,000.

Mr. COVERT. So far as I know now, if the work be transferred, I do not think it would take any additional help.

The CHAIRMAN. You think there might be a saving of those salaries?

Mr. COVERT. As I stated, I am not competent to say at this time; I have not gone into it.

The CHAIRMAN. Will you give it some consideration?

Mr. COVERT. Yes, sir.

The CHAIRMAN. And make any suggestions to the committee which will aid it in discharging its functions of determining the economy, justness, and correctness of expenditures; the security of the Government against unjust and extravagant demands; retrenchment; the economy and accountability of public officers; the abolishment of useless offices, and the reduction or increase of the pay of officers, so far as the same may appertain to any matters which come under your functions or observations?

Mr. COVERT. Yes, sir.

(Thereupon the committee adjourned.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Saturday, March 7, 1908.

The committee met at 10.30 o'clock a. m., Hon. Irving P. Wanger (chairman) in the chair.

**TESTIMONY OF MR. CHARLES A. CONRAD, CHIEF CLERK OF THE
POST-OFFICE DEPARTMENT.**

(The witness was sworn by the chairman.)

The CHAIRMAN. You are chief clerk of the Post-Office Department?

Mr. CONRAD. Yes, sir.

The CHAIRMAN. And as such, superintendent of the building?

Mr. CONRAD. Yes, sir.

The CHAIRMAN. How long have you held that position?

Mr. CONRAD. Just two weeks. I was appointed the 24th of February.

The CHAIRMAN. What position did you have prior to that?

Mr. CONRAD. Chief clerk to the Fourth Assistant Postmaster-General.

The CHAIRMAN. How long had you held that position?

Mr. CONRAD. About six years and a half.

The CHAIRMAN. How long have you been connected with the Post-Office Department?

Mr. CONRAD. About eleven years and a half.

The CHAIRMAN. What are the functions of the chief clerk to the Fourth Assistant?

Mr. CONRAD. The chief clerk to the Fourth Assistant has supervision in a general way of the clerical force of the bureau, and of course performs such duties as the Fourth Assistant assigns to him.

The CHAIRMAN. What connection, if any, did you have with the divisions of supplies?

Mr. CONRAD. I had about the same supervision as I had of the other divisions. I was perhaps more familiar with the dead-letter office and the division of supplies than with the division of topography. The work in that division is of a technical nature, the making of maps and such things as that, and I was not as familiar with that end of it as I was with the division of dead letters or the division of rural delivery or the divisions of supplies.

The CHAIRMAN. Are you familiar with the reorganization of the divisions of supplies and their consolidation?

Mr. CONRAD. Yes, sir; to a pretty good extent, I am.

The CHAIRMAN. How has the consolidation affected the efficiency of service?

Mr. CONRAD. Well, in a general way the consolidation has been, in my opinion, of great advantage to the service. Of course for a considerable time there was delay in filling requisitions and considerable complaint from postmasters of failure to receive supplies.

The CHAIRMAN. Was that before or after consolidation?

Mr. CONRAD. That was after the consolidation, during the process of reorganization. Of course, during that time there were several things that interfered with the complete carrying out of the plans of

reorganization. For instance, when the reorganization was begun the division of supplies was located in two separate buildings—that is, the Busch building, on E street between Seventh and Eighth, and the old Rink building, on E street between Sixth and Seventh. At the time the reorganization began the general supplies were located in the Rink building. The supplies for city delivery and rural delivery were located in the Busch building. The clerical force was located in the respective buildings—that is to say, the force handling the general supplies were in the Rink building and those handling the delivery supplies were in the Busch building. The idea was to consolidate all the supplies. So the supplies of the delivery service were moved out of the Busch building into the Rink and the clerical force was brought over from the Rink building and put in the Busch building. That was the first move. That caused some delay, in addition to the delay caused by the resectioning, you might call it, of the division of supplies. Prior to the reorganization each section of the division operated independently to a great extent. I might say almost entirely, although they were nominally under the supervision of the superintendent of the division; but what I mean to say is this, that if a postmaster wanted free-delivery supplies he made requisition on a certain form. That requisition went to the free-delivery section, where it was reviewed, and where the goods were packed and shipped to the postmaster. If, on the same day, the postmaster ordered twine, that would have come in on a separate requisition and would have been filled from another section and shipped independently. That is, the shipment would have been made of the twine independently of the shipment of the other supplies. If a postmaster also ordered stationery the requisition would have gone to the stationery section, would have been filled there, and shipped in a separate package. He might have wanted, also, some blanks—ordinary forms, you know. The requisition would have gone to the blank section and would have been filled and shipped separately. In fact, I was a member of the committee on methods and personnel that went through the division of supplies in addition to about 10 or 11 other divisions of the Department, and we found this situation as I have described, and found that there were probably 30 or 35 different forms of requisitions in use in ordering different lines of supplies, almost each one of which called for a separate shipment; and our recommendation was that the sections should be consolidated as much as possible, and that the shipments should be bunched, and that the supplies should be shipped to the postmaster in one shipment instead of half a dozen or more.

As I said, the matter of improving this system naturally caused a great deal of delay, and that was begun, I should think, about the 1st of January, 1907. By the first or middle of June the work had been gotten pretty well up to date, I might say practically up to date. Then came the move to the annex building, which caused delay in filling requisitions and general confusion in getting the plant properly installed. Those, I think, are the principal reasons for delay in filling postmasters' requisitions. Now, at the present time, or at the time I left the Fourth Assistant's Office two weeks ago, the work was right up to date, and had been for several months.

The CHAIRMAN. In what building is the supply division now?

Mr. CONRAD. The supply division is in the Terminal Storage Company's warehouse, or the warehouse they formerly used for storing furniture and things of that kind, at the corner of First and K streets NE. Also for storage purposes in handling twine, paper, and heavy supplies there is a one-story storeroom right across the alley from the large building.

The CHAIRMAN. And does the Government still use the Busch and Rink buildings, either of them?

Mr. CONRAD. No; they were vacated the end of June, and the rental ceased on that date.

The CHAIRMAN. What do you think has been the effect of the consolidation? How does the present supply division compare with the sectional supply division?

Mr. CONRAD. I think that there is really no comparison. That is, the present arrangement is so far superior to the other that I do not think there is any room for comparison.

The CHAIRMAN. What do you mean by superior; in what way?

Mr. CONRAD. In every respect. In the first place, the superintendent of the division has supervision of the division, which was not the case before. Each section was under a clerk in charge who reviewed the requisitions and shipped them and acted independently, as it were, of the superintendent of division, and then the rural and city delivery supplies, the money-order forms, and the official and registry envelope sections were in the Busch Building, which was a block away from the superintendent's office, and consequently he was not able to give it that close supervision that was necessary. Then another advantage is the matter of shipping supplies. A requisition is received from the postmaster covering his needs. It is reviewed the same day it is received, ordinarily, because all requisitions are supposed to be filled within twenty-four hours after they are received. It is then reviewed and sent down to the filling section and all these supplies are put in one package, or one lot of packages, and shipped at the same time, so that the present scheme saves not only clerical work in reviewing the requisitions and filling the requisitions, but it saves labor in packing the supplies, saves material used in the packing of supplies, and saves freight or mail, as the case may be, because in the scheme of shipping by mail packages weighing less than 100 pounds under the old system a great deal more and much larger proportions of the supplies would have gone by mail than by freight. As it is now the supplies for the postmasters are all put in one package, if possible, and it is all sent by freight if it weighs over 100 pounds, and necessarily that is a matter of economy.

The CHAIRMAN. Have you thought of any further improvements that might be made in respect to the keeping or furnishing of supplies?

Mr. CONRAD. No, I have not anything further in my mind in that line. I think that the present system is about as good as it can be made.

The CHAIRMAN. Postmasters in fourth-class offices are expected to call for a year's full supplies, are they not?

Mr. CONRAD. Yes.

The CHAIRMAN. And occasionally or frequently—which is it—their estimate is not borne out by the demands on the office?

Mr. CONRARD. Well, I presume that it frequently happens a fourth-class postmaster orders more supplies of a certain kind than he will need during the twelve months. He might have a certain blank form, say a monthly report, and he is liable to order fifty or sixty of those, whereas, as a matter of fact, for a year's supply he only needed twelve, and his requisition so states; that is, it states how many he uses a month, how many he has on hand, and how many he desires. They are not always accurate in making their requisitions.

The CHAIRMAN. And occasionally he finds he does not have enough?

Mr. CONRARD. Yes.

The CHAIRMAN. They generally order in time, or do they leave it until the last moment?

Mr. CONRARD. They do both.

The CHAIRMAN. Or wire urging it?

Mr. CONRARD. Many of them, if they see they are running low, will order in good time, and others will let it go until it is too late to get supplies through the regular channel, and then they have to wire for them.

The CHAIRMAN. But they are not instructed and required to send notice in advance in order to make possible the cheapest form of shipment?

Mr. CONRARD. They are supposed to order a long enough time in advance to allow the supplies to be sent in the regular way.

The CHAIRMAN. Failing to do that would there be any injustice in putting the extra cost of rushing supplies upon them?

Mr. CONRARD. Well, that is a new proposition; but if through carelessness of the postmaster he has let his stock run out and it is necessary for him to wire for supplies, and if it costs more to get those supplies to him on a rush order than it would in the ordinary way, I do not know but what it would be just and proper. I do not know whether that is the usual method of big business concerns in doing business or not.

The CHAIRMAN. At whose expense does the postmaster wire?

Mr. CONRARD. Usually it is at the expense of the Department. Ordinarily they send the telegrams collect, Government rate, I think.

The CHAIRMAN. You can see whether that is correct or not, and either let it stand as an absolute statement, or modify it so as to conform to the facts.

Mr. CONRARD. I will look that up, but my recollection is that they come in both ways.

Mr. MOORE. If these postmasters had to pay when these supplies ran out, and they had to wire in and make extra expense, it would certainly make them more diligent.

The CHAIRMAN. It certainly would.

Mr. CONRARD. At the same time there is a very small number, comparatively, of such cases; very small. Of course, during the reorganization of the Division of Supplies, there were a great many telegrams from postmasters.

The CHAIRMAN. But that was not so much their fault that the supplies were not forthcoming?

Mr. CONRARD. No. In some cases it was, and in some cases it was not. But now that the work is up to date there are very few telegrams from postmasters.

The CHAIRMAN. Have you examined the report of the expert accountant, made to the joint commission on methods?

Mr. CONRAD. I have, to some extent.

The CHAIRMAN. Have you observed any errors of fact stated therein?

Mr. CONRAD. On page 20, in the discussion of the appointment clerk's work, they say:

These records can undoubtedly be simplified, especially when it is considered that each bureau, division, and section throughout the Department duplicates the records relating to its own particular staff.

That is an error.

The CHAIRMAN. To what extent?

Mr. CONRAD. Now, if you will permit me, I will tell you later. I will write you if you wish; but I know that these records as kept by the appointment clerk's office are not duplicated in all the bureaus, if any. The commission may refer to the matter of keeping the time of employees. That is duplicated; that is, it is kept in the appointment clerk's office, and also kept in the bureaus, but the records of the clerks, as kept by the appointment clerk, I know are not duplicated in all the bureaus, if in any of them.

The CHAIRMAN. The time records, are they duplicated in the bureaus?

Mr. CONRAD. The time records are duplicated in the bureaus; yes, sir.

The CHAIRMAN. That is, each section has its record, and each bureau?

Mr. CONRAD. In that way. I will speak of the Fourth Assistant's Bureau first, because I am more familiar with that. In the Fourth Assistant's Bureau there is the time clerk for the entire Bureau, in which there are something like over 400 employees. That record is duplicated in the appointment clerk's office. In the other bureaus, as I understand it, the time record is kept by divisions, and that record is kept also in the appointment clerk's office. That is a matter I expect to inquire into further, and if you wish I will give you further information on it.

The CHAIRMAN. Was there any other matter that you wished to call attention to?

Mr. CONRAD. I might say that this allotment of \$350,000 for printing and binding for the postal service and for the Department is in process of being turned over now to the Fourth Assistant Postmaster-General, to be handled the same as he handles appropriations for money-order blanks and forms and other supplies. I went over the matter with the Postmaster-General the other day and he directed that that action be taken. It is now under the jurisdiction of the chief clerk of the Department, but will be transferred to the supply division, Fourth Assistant's office.

The CHAIRMAN. Can that be done by departmental action, or does it require legislation?

Mr. CONRAD. It does not require legislation. The appropriation act allots \$350,000 to the Post-Office Department. The Postmaster-General by regulation put it under the supervision of the chief clerk. Now, by an amendment to that regulation, he can turn it over to the Fourth Assistant. In the laws relating to the Post-Office Depart-

ment the specific paragraph covering the Post-Office Department's allotment is on page 29.

The CHAIRMAN. Yes. That is carried by the sundry civil bill.

Mr. CONRARD. Yes, sir. I did not know whether you wanted, in connection with this appointment clerk's office, to see the manner in which we keep those records. I think they are very simple and a great improvement over the former method. I brought samples of the records with me, and they are not duplicated in any other division.

The CHAIRMAN. State as to details in the office of the chief clerk: for instance, telegraphing, as to whether that may be dispensed with.

Mr. CONRARD. That is a matter that I expect to take up in the near future. I am not just ready to make a specific recommendation. I have gone into the matter to some extent, but I am not quite ready. You see, I am new in the office. I have been there only two weeks. But I will give you my opinion on that a little later on, if that will answer.

The CHAIRMAN. Requisitions for supplies for the departmental service, who issues them?

Mr. CONRARD. They are issued by the chief clerk's office; that is, they are purchased through the purchasing agent.

The CHAIRMAN. When supplies are called for of a different character from the same general sort of supplies which have been contracted for, who determines whether the superior article, or the preferred article, shall be furnished?

Mr. CONRARD. I think that would be the committee on awards, the committee that opens the bids. They would make their recommendation to the purchasing agent, as I understand it, and the matter would be determined in that way.

The CHAIRMAN. But the awards having been made and the articles contracted for not being satisfactory to a certain chief of a bureau or other official, who prefers a different kind of article, who determines whether his requisition is reasonable and ought to be supplied?

Mr. CONRARD. The chief clerk of the Department, if the supplies were purchased from the appropriations under his control, would determine that, I should think. I have not had a case of that kind, but if a contract article would not be satisfactory to a chief of a division and if he wanted something special, it would be for the chief clerk of the Department, I should think, to determine whether or not he should have it.

The CHAIRMAN. The purchasing agent furnished a memorandum of the exigency purchases from July 1, 1907, to February 27, 1908, the first item of which is Snowflake soap, price \$21.60. The like quantity of soap furnished under the contract item 1642 would have been \$9. It was said to be ordered for stock, and Snowflake was conceded to be superior to the sort of soap contracted for. Ought it not, as a matter of good administration, to have been determined prior to the invitation for proposals what soap would be used in the Department?

Mr. CONRARD. I should say so, if any considerable quantity were to be bought.

The CHAIRMAN. The Snowflake is now generally used, is it not?

Mr. CONRAD. I do not know.

The CHAIRMAN. It is in a machine with a handle?

Mr. CONRAD. I do not know. I do not know how general its use is. Mr. Thomson, perhaps, when you come to him, can give you some information on that. I really do not know anything about it, except that in those machines they use a certain sort of soap. Perhaps that is Snowflake soap. I do not know how many of those machines there are, or what we pay for them.

The CHAIRMAN. Who has to determine whether those machines shall be installed or not?

Mr. CONRAD. The chief clerk of the Department.

The CHAIRMAN. Would he determine that prior to inviting proposals, or from time to time as requisitions were made?

Mr. CONRAD. If it were contemplated to install devices of that kind it would seem to me that there should either be an advertisement for bids or that it should be included with the other supplies in the schedule.

The CHAIRMAN. Are you familiar with the history of the modifications of the regulation of October 29, 1904, relating to the purchasing agent's office?

Mr. CONRAD. To some extent, yes.

The CHAIRMAN. What was the occasion for the order of April 16, 1907?

Mr. CONRAD. Well, there had been more or less misunderstanding in regard to the method of purchasing supplies, and in order to determine the matter, I presume, the Postmaster-General had a committee appointed to look into the question, and this order, as I understand it, was the result.

The CHAIRMAN. Who would be most familiar with that subject?

Mr. CONRAD. With that particular order I think Mr. Thomson here is very familiar.

The CHAIRMAN. And is he also familiar with the subsequent orders, 563 and 966?

Mr. CONRAD. What is the date of 563?

The CHAIRMAN. No. 563, May 17, and 966, December 21.

Mr. CONRAD. Perhaps I would not be so familiar with the December 21 order as with the other.

The CHAIRMAN. Are you familiar with 966?

Mr. CONRAD. Pretty familiar, I think; reasonably so.

The CHAIRMAN. What is the particular purpose of this?

Mr. CONRAD. During the summer after the supply division had moved to the annex they ran behind with their work in filling the requisitions. The matter was brought to the attention of the Postmaster-General and he instructed a committee to go through the division—a committee of one, it was; Mr. Thorp, superintendent of city delivery—and he went through the division and reported to the Postmaster-General, who had this order of December 21 promulgated. That is about all I know of it, except it was to simplify the method of ordering supplies.

The CHAIRMAN. The purchasing agent expressed the opinion that it would be better to place all responsibility, both for the purchase and distribution of supplies, on one official. What is your view as to that?

Mr. CONRAD. I think he is entirely wrong. I do not think the man who makes the contracts for the supplies should be the official who determines what supplies shall be furnished to the service, or how much. I think one transaction should operate as a check against the other.

The CHAIRMAN. Who keeps tab on the quality of supplies that are furnished under contracts?

Mr. CONRAD. The committee on inspection would determine whether a certain consignment of supplies was up to the specifications and the accepted samples.

The CHAIRMAN. Is that a standing committee?

Mr. CONRAD. There are a number of committees—different committees for different sorts of supplies. However, the Postmaster-General contemplates the appointment of what is called "a board of inspection," consisting of a standing committee in charge of a chairman, who will have charge of all supplies received here in Washington for the Department and the postal service.

The CHAIRMAN. That committee continues throughout the year, does it?

Mr. CONRAD. Yes, sir.

The CHAIRMAN. And it is proposed to see that each consignment of supplies comes up to the standard?

Mr. CONRAD. Yes, sir.

The CHAIRMAN. And to the contract?

Mr. CONRAD. Yes.

The CHAIRMAN. Will you kindly submit any suggestions that may occur to you touching the proper performance of its duties by this committee?

Mr. CONRAD. I will be pleased to do it.

The CHAIRMAN. And for the betterment of the service?

NOTE.—See also letter of Postmaster-General, dated March 25, 1908, page 103.

TESTIMONY OF MR. GEORGE G. THOMSON.

(The witness was sworn by the chairman.)

The CHAIRMAN. You are assistant chief clerk?

Mr. THOMSON. Assistant chief clerk of the Post-Office Department.

The CHAIRMAN. How long have you held that position?

Mr. THOMSON. Two years and a half, about.

The CHAIRMAN. And what position did you have in the Department prior to that?

Mr. THOMSON. I was clerk in various bureaus and divisions in the Department, starting in with the railway mail service, then in the Third Assistant's office, in his own office as assistant chief clerk, then a clerk in the classification division, and then assistant chief clerk of the Department.

The CHAIRMAN. How long have you been with the Department?

Mr. THOMSON. Since September 1, 1896.

The CHAIRMAN. And how long had you been with the railway mail service prior to that?

Mr. THOMSON. I was transferred from the Interior Department to the Post-Office Department as stenographer to the general superintendent railway mail service, and of necessity I was appointed a railway postal clerk, although I never ran on the road. I was simply

given that designation and detailed to duty in the general superintendent's office.

The CHAIRMAN. You are familiar with the duties of the chief clerk?

Mr. THOMSON. Yes, sir.

The CHAIRMAN. What suggestions have you to offer touching the policy of economy of the operations of the Department or of the postal service?

Mr. THOMSON. Well, that is a pretty broad proposition. I really have not at my tongue's end such matters as I would like to present to the committee, and I would be very glad to do it in a written communication, if I may.

The CHAIRMAN. We will be very glad if you will do that. Have you read the report of the expert accountant employed by the postal commission?

Mr. THOMSON. I have read parts of it. As yet I have not made a thorough reading nor study of it.

The CHAIRMAN. Have you observed any other erroneous statements of fact than that mentioned by Mr. Conrard?

Mr. THOMSON. In talking to the superintendent of the division of finance the other day he made the statement to me that the expert accountant's statement with regard to the steps taken in the preparation and mailing of a warrant was not correct. I believe they recite some 19 different steps, and rather ridicule the system. He said that statement was erroneous; but that does not refer to the Postmaster-General's office or the chief clerk's office. I mention that because it is really the only other one I know anything about, other than the one Mr. Conrard mentioned.

The CHAIRMAN. Mr. Chance, who was recently your chief, thought that the telegraphers could be dispensed with, and that the same service might be done by telegraph companies without expense to the Department. What is your opinion as to that?

Mr. THOMSON. Undoubtedly the service could be performed in that way, but telegraphing in itself means to expedite the business, and this particular telegraph office we have in the Department undoubtedly has that effect. It expedites over what would happen if the telegraph company itself handled the business. I do think that we are spending a little bit more money than is justified by the service. I think that we could do with one telegrapher, perhaps, where we have two now. I may say that the telegraph office was inaugurated there at the instance of Mr. Cortelyou at the time he was Postmaster-General, and I am given to understand that the present Postmaster-General has at this time under consideration the matter of reducing the force there, and incidentally the expense in connection with the maintenance of the office. It is proper to state, however, that it is necessary to maintain a telegraph office in the Department to take care of telegrams going to and received from Congress, the White House, and the other Executive Departments.

The CHAIRMAN. Mr. Covert expressed the judgment that the departmental supplies can be more economically handled by the division of supplies than they now are.

Mr. THOMSON. I do not agree with him. I can not see how that departmental stationery could be handled more economically in the

division of supplies than it now is. If the stationery room and the appropriation were transferred, it would mean that a separate account would need to be kept of it, and our experience with it up to this time would lead me to believe that he would need at least one man to handle those supplies, and do nothing else. I believe that having it the way it is now effects a great convenience, to say the least, and I think is a more economical way of handling the matter. If the stationery room were transferred to the division of supplies, you would have this condition: Requisitions would be made upon the superintendent of the division of supplies for articles for use in the Post-Office Department building. That is, over at the annex, 2 miles away. My experience is that in the Government service some divisions in making requisitions for stationery and supplies do not limit themselves to the minimum. They rather ask for all they can get, regardless of whether they really need it at the time or whether they do not. At the present time one of the duties of the assistant superintendent of buildings, who is connected with the chief clerk's office, is to fill requisitions. When a requisition is made he, to use a common term, sizes it up, and if it does not look just right he makes an investigation to determine whether the requisition calls for goods in excess of what is really needed or not. That results in a great deal of economy. It keeps in the stationery room a vast amount of supplies that would otherwise be spread all over the Department. Now, if that stationery room were sent over to the supply division, I maintain that it would be necessary to send a man from the supply division over to the Post-Office Department in order to chase up requisitions to see if they were proper, and calling for supplies in limited quantity.

The CHAIRMAN. Might there not, however, be just the same review; that is, if the supplies were to be furnished from the supply division? In other words, before the requisition could go to the chief of the division of supplies, it would have to be passed upon by the chief clerk?

Mr. THOMSON. Yes.

The CHAIRMAN. As now?

Mr. THOMSON. Yes; that could be done, of course; but then there is the matter of economy which creeps in again, and I can not see that there is any economy in it.

The CHAIRMAN. But would not that be identically the same; would not that leave it just where it is, so far as the check on the situation is concerned?

Mr. THOMSON. Yes; so far as that feature is concerned. And I think the matter of convenience has a great deal to do with it, too. As it stands now we do not pretend to carry in stock in each of the divisions of the Department all of the different kinds of papers, as an instance, that may be required in the course of business, special business. For instance, we would get a call from the chairman of the Committee on Appropriations of the House for a tabular statement of some vouchers he desired in connection with his committee. We would call on the division of salaries and allowances for the desired statement. They have not in stock a paper that would be suitable to make the several manifold copies on. Perhaps it would be a big sheet; you would need large carbon paper. They are able under the present arrangement to get that in three minutes from down-

stairs. We O. K. a special requisition, and their people go and get just what they want and come up and do the work. I am fearful if the stationery room were over in the supply division that we would be compelled to carry in the different divisions a lot of different things that we do not now carry, or else be subject to delay and inconvenience.

The CHAIRMAN. Are most of the supplies that you have on hand furnished by contractors here in Washington City, or by contractors in some other places?

Mr. THOMSON. Well, it is divided. I really am not able to say just how many contracts there are here in the city and how many there are in other places. On a guess I would say that it was pretty nearly equally divided.

The CHAIRMAN. And where the contractors reside here do they contract to deliver to the Department, or where is the delivery to be made?

Mr. THOMSON. To the Department; to the Department storeroom, so called.

The CHAIRMAN. Would there be any difference in the price at which articles would be furnished if the place of delivery was the annex instead of the Department building?

Mr. THOMSON. I think not; certainly not with the local contractors, because it is just like any department store here delivering goods; they deliver them all over the city.

The CHAIRMAN. I think Mr. Covert's suggestion was that there would be a saving in the cost of delivery.

Mr. THOMSON. There might be some slight saving in the cost of delivery in the case of articles from out of town, but we have not perfected our arrangements for receiving goods by freight at the annex at the present time: there is a siding being built there. But in that same connection it would seem proper to say that in the supplies for the departmental service I do not know that we ever buy a full car-load of goods, so that the haul would be in there just the same.

The CHAIRMAN. I think you have stated that when a requisition is made for supplies in the Department it is reviewed?

Mr. THOMSON. Yes, sir; carefully scrutinized.

The CHAIRMAN. On the list of exigency purchases furnished by the purchasing agent is Order No. 372, one Royal band dater, \$3.50, railway adjustment, contract price of the dater contracted for, \$1.75. Who determines the propriety of purchasing the kind of dater that has not been contracted for?

Mr. THOMSON. The chief clerk of the Post-Office Department.

The CHAIRMAN. On what basis?

Mr. THOMSON. Is that the whole question?

The CHAIRMAN. Yes.

Mr. THOMSON. The request comes to him from the railway adjustment division in this instance, and noticing that it is for an article outside of the contract, he requires an explanation of the necessity for this particular dater and judges after those reports have been made. Of course in this particular instance I have not in mind just what that is, but that is the method.

The CHAIRMAN. The explanation given by Mr. Marshall is: "The dater is to accomplish the same purpose. The contracted one makes the changes by movable type; the other type are on a band and are

simply turned to the proper figure, back or forth." In determining whether the article called for is proper to be furnished is any note made of that fact for the purpose of determining whether proposals for similar articles shall be invited at the next letting of contracts?

Mr. THOMSON. Yes, sir; in this way: Where we find that there has been a considerable demand for any particular thing not under contract, that is incorporated in the next list of articles for which proposals are invited. That record is kept in the office of the man who handles the requests.

The CHAIRMAN. This particular article is supposedly patented, and it is therefore sold at a fixed price, ordinarily. In determining whether any considerable number of such articles shall be purchased, is the price considered as compared with the general article, and any limitation put upon the price at which contracts will be accepted?

Mr. THOMSON. In calling for bids on such an article where the demand was shown to be considerable, the committee, as I understand it, appointed to open those bids and to make recommendations of award, take into consideration the matter of price. If it is too high, as compared with the old-style dater, it would be thrown out.

The CHAIRMAN. But the value of the article is not determined in advance, is it?

Mr. THOMSON. Always; yes, sir. A dater such as you speak of is considered to be a very good thing where a stamp is in almost constant use throughout a day, and is really more valuable than some of the smaller dating stamps where removable type has to be taken out and changed at different times in the day. For instance, the work in the railway adjustment division makes it necessary for them to stamp with a rubber stamp different dates on different papers. With this particular movable type and this band dater it is possible, by simply turning the wheel, to change the date from any month, day, or year to another, and I presume that is the reason why they would want that kind of stamp, and that is the reason why such a stamp is particularly valuable in certain lines of work. Am I answering the question in the way you wish?

The CHAIRMAN. Yes, in part. Is there any committee in the Department on the subject of standardizing supplies?

Mr. THOMSON. No, sir; I believe not. I know of no committee with that specific duty.

The CHAIRMAN. My recollection is that Mr. Chance stated that the chief clerk only issued requisitions for the articles which were to be used in his office, but I understand you to say that the chief clerk issues the requisitions or orders to the purchasing agent for all supplies that are wanted in the Department.

Mr. THOMSON. That are paid out of the contingent expenses; yes, sir.

The CHAIRMAN. How about those not paid out of the contingent expenses?

Mr. THOMSON. The only other appropriation for supplies that I remember just now is the appropriation in the Fourth Assistant's office, division of supplies for the postal service, and the Fourth Assistant, of course, is held responsible for the proper disbursement of that appropriation, and necessarily approves the requisitions.

The CHAIRMAN. The departmental supplies, then, are all secured out of the contingent fund?

Mr. THOMSON. Yes, sir.

The CHAIRMAN. Have you the number of copies of the Official Guide that are sold to the public by the contractors?

Mr. THOMSON. Before answering that question directly, I would like to make just a brief statement.

The CHAIRMAN. Very well.

Mr. THOMSON. Some time since, about a year ago, the Postmaster-General appointed a committee to take up and consider changes in the Postal Guide—that is, changes in the general construction of it, the general make-up of it, and also the advisability of publishing that guide on July 1 of each year instead of January 1. During the course of their investigations the committee felt that it would be helped in its work if it could be informed of the number of copies sold to the public by the present contractors, and, although there is no clause in the contract requiring the contractor to divulge that particular information, the chief clerk of the Department wrote to the contractor and asked for it, stating that it was desired for the use of the committee appointed by the Postmaster-General. I have here the reply of the contractor to the chief clerk. Yesterday the chief clerk, in view of what the contractor states in this letter, took the matter up with the Postmaster-General as to whether or not it would be proper to divulge what the contractor had stated to the Department in the way that he did, and the Postmaster-General said that if your honorable committee decided that they wanted this information, that we should give it to you. I have it here in this letter, and if it is your wish that I should read it, I will do so. They submitted this simply as confidential information, claiming that they were not required to give it.

The CHAIRMAN. The guide is furnished to the public at \$2 a copy?

Mr. THOMSON. Two dollars for paper bound and \$2.50 for the cloth bound, which subscription includes eleven monthly supplements.

The CHAIRMAN. How many copies are furnished the Government?

Mr. THOMSON. Of the January, 1908, guide there were 100,000 copies bound in paper and 4,500 copies bound in cloth.

The CHAIRMAN. What was the price of each?

Mr. THOMSON. The price of the annual guide, the large guide, bound in paper, to the Government is 10 cents per copy. Those which are bound in cloth cost 20 cents for the binding; in other words, 30 cents for the complete volume bound in cloth.

The CHAIRMAN. And the binding is done by whom?

Mr. THOMSON. By the contractor for the furnishing of the guide, J. B. Lyon Company, of Albany, N. Y.

The CHAIRMAN. That is, 30 cents for cloth-bound copies and 10 cents for paper-bound copies delivered?

Mr. THOMSON. Yes, sir.

The CHAIRMAN. For the present the committee will not ask for the information which was apparently given confidentially by J. B. Lyon Company, as the committee can secure the information independently, and the information given by J. B. Lyon Company to the Post-Office Department was for the year 1906, and is not current. Do you know whether the guide has always been printed by private contractors, or was it printed by the Government Printing Office?

Mr. THOMSON. I am not able to say. As far back as I know it has been printed by private contractors.

The CHAIRMAN. Was the Government Printing Office a bidder for the contract at its last letting?

Mr. THOMSON. I believe not, although there was a statement made by a representative of the Government Printing Office not long ago that they were desirous of submitting a bid for the forthcoming contract, which begins July 1, 1908.

The CHAIRMAN. Has the committee on the Postal Guide reported to the Postmaster-General as yet?

Mr. THOMSON. They have made several preliminary reports concerning certain features it was desired to change in the guide, simply relating to the internal arrangement of the matter in the guide, and the committee also recommended to the Postmaster-General that the guide be published on July 1 of each year hereafter, and that was approved by the Postmaster-General. In other words, the committee is at work right now getting up the technical specifications for the guide, and it is expected that an advertisement will be issued within the next week calling for proposals for printing it during the next four years, beginning with July 1, 1908.

The CHAIRMAN. Is there any good or necessary service performed by having the list of post-offices printed by States?

Mr. THOMSON. Yes; that is the list that is used almost entirely by the railway mail service, the railway postal clerks. In fact, the general superintendent of the railway mail service has asked that the guide committee take into consideration the question of the binding of that particular list of post-offices separately for the use of railway postal clerks.

The CHAIRMAN. The clerks would have to be supplied, however, with the general guide, would they not, in addition?

Mr. THOMSON. He made the statement that it would be necessary to supply a full guide to each train crew; that is, the clerk in charge of the crew would have a full bound guide, and the remainder of the clerks would be supplied with this single list. It is hoped to effect some economy by doing that.

Mr. FAIRCHILD. This guide is issued monthly?

Mr. THOMSON. That is the yearly guide.

Mr. FAIRCHILD. What is the monthly guide?

Mr. THOMSON. The monthly guide is the small, yellow-covered pamphlet. It averages about 50 pages and contains the amendments to the postal laws and regulations, rulings, and information that comes up during the month. It also contains a list of the changes in the names of the post-offices, post-offices discontinued, post-offices established, and so forth.

Mr. FAIRCHILD. Is that printed by the Lyon Company?

Mr. THOMSON. Yes, sir.

Mr. FAIRCHILD. Under what plan, under contract?

Mr. THOMSON. Under contract; under the same contract.

The CHAIRMAN. The supplements are regarded as a part of the guide and covered by the price that you mentioned, are they not? Are they additional?

Mr. THOMSON. That is additional; the supplements cost one-half a cent each, when they do not exceed 40 pages. For 40 pages or less, one-half a cent.

The CHAIRMAN. For each number?

Mr. THOMSON. Yes, sir.

The CHAIRMAN. Being 5½ cents for the year?

Mr. THOMSON. Yes, sir.

Mr. FAIRCHILD. What does the Lyon Company charge for it?

Mr. THOMSON. That is included in this subscription price for the guide; \$2 for the paper bound entitles the subscriber to that large volume and the eleven monthly supplements, beginning with February and ending with December.

Mr. FAIRCHILD. If one buys the guide during any late month in the year, he gets all the supplements included in the guide at that time?

Mr. THOMSON. I presume so; I do not know that to be a fact. He is entitled to that, however.

Mr. FAIRCHILD. You do not think the supplements are sold independent of the guide?

Mr. THOMSON. I have never heard of them being sold.

The CHAIRMAN. What is the practical advantage of issuing the guide July 1 instead of January 1?

Mr. THOMSON. There are a number of reasons. Primarily, the existing contract terminates June 30, 1908, and up to this time it has always been more or less of an embarrassment to have the guide published in January with the contract running from July 1 and the appropriation running from July 1 and with the publication of all other official documents in the Post-Office Department being as of July 1. I will amend by saying not all official documents, but all annual documents.

The CHAIRMAN. Coincident with the beginning of the fiscal year?

Mr. THOMSON. Yes, sir.

The CHAIRMAN. As to the guide itself, how would the change in date of publication affect it, if at all?

Mr. THOMSON. It will enable us to put in the annual guide rulings based on laws that become effective with the beginning of the fiscal year and carry them in the annual guide for the entire year, rather than publish those changes in a supplement, a little pamphlet affair that oftentimes is lost and I am afraid in a good many instances never read at all.

The CHAIRMAN. Is there anything in the period when most of the changes are made in the grades of officers which would make it any more appropriate to have the guide published July 1 rather than January 1?

Mr. THOMSON. Yes, sir; the appropriation acts usually provide for changes of one kind or another in the salaries of clerks in the post-offices, and letter carriers, and persons of that sort, and it is necessary to issue instructions to postmasters relative to those changes.

The CHAIRMAN. Are there any other facts or suggestions you can make to the committee for consideration in connection with its duties?

Mr. THOMSON. Concerning the Postal Guide particularly, or the general subject?

The CHAIRMAN. No; connected with the general subject of economy in the administration.

Mr. THOMSON. I have prepared a memorandum which I have here, giving salient features of the contract for the publication of the

Postal Guide, giving you the name of the contractors, prices paid, and also a little gratuitous information along that line. I would be very glad to leave that as an exhibit if it will help the committee any. I may say that I would be very glad to furnish them with a copy of the contract itself, the contract with the J. B. Lyon Company. I have it here, but it is a file copy, and it would be necessary to have it typewritten.

Mr. FAIRCHILD. I suggest that we have the copy.

The CHAIRMAN. Yes; we had better have it.

Mr. THOMSON. All right; I will see that it is sent. I agreed, a few moments ago, to send you a memorandum containing any general suggestions I might have to make in regard to the Department and the service, and I will endeavor to make that memorandum so full as to cover your present suggestion.

The CHAIRMAN. Very good.

(The exhibit heretofore referred to is here printed in the record in full, as follows:)

MEMORANDUM—UNITED STATES OFFICIAL POSTAL GUIDE.

Present contractors, J. B. Lyon Company, Albany, N. Y.

Existing contract expires June 30, 1908.

Contract calls for 98,000 copies of the annual edition of the guide and 90,000 copies of each of the 11 monthly supplements and such additional number not exceeding 1,500 copies as may be ordered for the use of the other Executive Departments.

Request has been made upon the chairman Committee on Appropriations, United States Senate, for authority to distribute 3,000 copies to the other Executive Departments.

Prices annual guide, not exceeding 1,100 pages, paper bound, 10 cents each. Pro rata charge for additional pages. Monthly supplements containing not to exceed 40 pages, one-half of a cent each. Pro rata charge for additional pages.

Prices to the public: The paper-bound annual guide, including 11 monthly cents each.

Prices to the public: The paper bound annual guide, including 11 monthly supplements, \$2 per annum; the cloth-bound guide, including 11 monthly supplements, \$2.50 per annum.

Annual appropriation for the guide, \$25,000. Twenty thousand dollars expended in fiscal year ended June 30, 1907.

NOTE.—If any move is made toward compelling the contractor to accept a specified subscription price lower than the one which he names serious consideration must be given to the question of increasing the present appropriation. It is undoubtedly a fact that as this matter is at present operated the number of and the price of the guides which the publisher can sell to the public has a great deal to do with fixing the price to the Government for its edition.

The committee in the Post-Office Department appointed by the Postmaster-General has under consideration at the present time the matter of preparing specifications for the new contract which will necessarily need to be entered into beginning July 1, 1908. This committee has numerous changes in anticipation, but can not see its way clear with the present appropriation to insert a clause prohibiting the sale of guides to the public by the contractor, or even limiting the price of guides to be sold by the contractor.

There have been ordered of the January, 1908, guide 104,500 copies bound in paper and 4,500 copies bound in cloth. The paper-bound copies cost \$10,450 and the binding of the 4,500 copies cost \$900, amounting in all to \$11,350. The total expenditure out of the 1908 appropriation for the postal guide up to and including the January edition amounts to \$17,457.

(Thereupon, at 12.20 o'clock p. m., the committee adjourned.)

[See note on p. 94.]

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., March 25, 1908.HON. IRVING P. WANGER, *Chairman,*
Committee on Expenditures in the Post-Office Department,
House of Representatives.

MY DEAR CONGRESSMAN: Referring to the preliminary report of the Joint Postal Commission on Business Methods of the Post-Office Department and Postal Service, in so far as it relates to the "division of the chief clerk and superintendent of buildings," pages 19 and 20, and to the testimony of the chief clerk and assistant chief clerk of the Department before your committee on March 7, 1908, I have the honor to submit the following information:

PRINTING AND BINDING.

Under date of March 10, 1908, the supervision of the printing and binding required for the Post-Office Department and Postal Service was transferred from the chief clerk of the Department to the Fourth Assistant Postmaster-General (see accompanying copy of Postmaster-General's order on this subject, marked "Exhibit A"). This transfer is regarded as being in the interests of good administration, in that it places the duty of making requisitions and supervising the expenditure of the allotment for printing and binding for the Post-Office Department on the Fourth Assistant Postmaster-General, thus consolidating with the general supplies the supplies ordered from the Government Printing Office. This arrangement simplifies and lessens the work in connection with the ordering of printing and binding, saves time in the preparation of requisitions on the Public Printer, and enables the Department to secure delivery of printing and binding earlier than under the old method.

TELEGRAPH OFFICE.

Careful consideration has been given to the question of continuing the telegraph office now installed in the Post-Office Department building. It is not regarded as feasible to discontinue this office, because it is necessary to maintain telegraphic communication with the White House, the Capitol, and the other Executive Departments. However, it is the intention in the near future to readjust the hours of labor in the telegraph office by simply requiring a telegrapher to be on duty from 9 a. m. to 4.30 p. m.; to arrange for the delivery to the Department by the telegraph companies of all messages received between the hours of 4.30 p. m. and 9 a. m.; to transfer to another division one of the telegraphers who is an expert typewriter, so that his services can be utilized to advantage; and to assign the messenger now detailed to the telegraph office to other work. This will reduce the expense of maintaining the telegraph office from \$3,240 to \$1,200 per annum.

TELEGRAMS FROM POSTMASTERS.

In his testimony before your committee the chief clerk promised to investigate the matter of telegrams received from postmasters in regard to supplies. The following statement shows the number of "collect" telegrams received in the Department from January 1 to March 12, 1908, in proportion to the number of telegrams received "paid" during that period, in which postmasters urged the shipment of supplies:

	Collect.		Paid.	
	No.	Tolls.	No.	Tolls.
Money-order supplies, twine, etc	124	\$45.60	56	\$17.57
Stamps, and stamped envelopes	124	34.35	57	16.66
	248	79.95	113	34.23

This statement shows that approximately 69 per cent of the telegrams received on this subject were "collect" messages, while 31 per cent were received "paid." It is impossible to state what proportion of the telegrams received came from postmasters who failed to make their requisitions promptly.

APPOINTMENT CLERK.

The postal commission makes the statement on page 20 of its report:

"The appointment clerk keeps records of the applications and history of all clerks in the Department. * * * These records can undoubtedly be simplified, especially when it is considered that each bureau, division, and section throughout the Department duplicates the records relating to its own particular staff."

This statement, in substance at least, is erroneous. The only duplication of the records now in the appointment clerk's office consists of the lists of clerks, showing dates of appointment, promotion, etc., which are necessary in the different bureaus or divisions.

In some of the divisions, however, duplicate time records of employees have been kept. An order will be issued in a short time which will provide for the keeping of time records only in the office of the appointment clerk, thus relieving clerks in a number of divisions from keeping any further record. At present such clerks devote from fifteen minutes to one hour a day to the keeping of time in their respective divisions. There are also engaged in the keeping of time in bureau headquarters two clerks who devote all of each day to that duty. Under the proposed readjustment it will be possible to assign these clerks to other duties.

EXIGENCY PURCHASES—SNOW FLAKE SOAP.

In connection with the subject of Snow Flake soap referred to on pages 21, 22, and 23 of the typewritten copy of the testimony, I beg to state that the cost of toilet soap in the fiscal year 1906, when Snow Flake soap was not used, was \$225. The cost of Snow Flake soap during the current fiscal year when only 6 dozen cakes of toilet soap was purchased was \$168. The chief clerk of the Department is at present looking into this subject very carefully, with a view to determining the desirability of continuing the use of soap granulators. Should it be decided to discontinue the use of these machines toilet soap that is under contract will be used. It is proper to state that the soap machines installed in the Post-Office Department have been placed therein wholly at the expense of the manufacturer. The Department has not purchased any of these machines, nor is rent paid therefor.

STATIONERY ROOM.

Beginning on page 31 of the typewritten testimony of the assistant chief clerk of the Department, the desirability of transferring the departmental stationery room from the Department building to the division of supplies and placing it under the jurisdiction of the superintendent of supplies, is discussed. I believe that with separate appropriations for the Department and the postal service as at present such a transfer would not be practicable. Under an organization such as is proposed by the Postal Commission, with the appropriations consolidated, it would be feasible, but under present conditions, involving the necessity of keeping the stock separate, keeping a separate account, and the inconvenience and delay resulting from having the stationery room so far removed from the Department proper, I believe that such a transfer is not practicable and not in the best interests of good administration.

BOARD OF INSPECTION.

For the information of your committee in connection with the board of inspection referred to on page 26 of the typewritten testimony, I have the honor to send you herewith copy of Postmaster-General's Order No. 1159, dated March 10, 1908 (marked "Exhibit B"), which defines the duties of the board of inspection. This order became effective March 16, 1908, and the board of inspection is now actively engaged in the inspection of all supplies purchased for the Post-Office Department and the postal service which are delivered in Washington.

OFFICIAL POSTAL GUIDE.

There is also transmitted herewith for the information of the committee copy of the existing contract between the Post-Office Department and the J. B. Lyon

Company, of Albany, N. Y. (marked "Exhibit C" ^a), for printing and publishing the United States Official Postal Guide. This contract expires June 30, 1908. For your further information, there is also sent you printed copy of the proposals and specifications for furnishing the Postal Guide for the four years beginning July 1, 1908 (marked "Exhibit D" ^a). Particular attention is invited to that portion of the specifications which requires bidders to state the prices at which the Guide will be furnished to the public.

Faithfully, yours,

G. V. L. MEYER.

EXHIBIT A.

Order No. 1161.]

MARCH 10, 1908.

Ordered, That section 20 of the Postal Laws and Regulations be, and it hereby is, amended by substituting a semicolon for the comma after the word "matter" in paragraph 1, line 5; by omitting the word "and" after the word "matter" in the same line; by substituting a comma for the period at the end of the paragraph, and by adding thereto the following:

"and the consideration and signing of requisitions upon the Public Printer for the printing and binding required in the postal service and the Department."

This will make the complete paragraph read as follows:

"SEC. 20. To the Fourth Assistant Postmaster-General is assigned the general supervision of the rural-delivery service; of the custody and distribution of supplies for the postal service; of the treatment of all unmailable and undelivered mail matter; of the making, printing, and distribution of post-route and rural-delivery maps, and the consideration and signing of requisitions upon the Public Printer for the printing and binding required in the postal service and the Department."

All sections and parts of sections inconsistent herewith are hereby also amended.

G. V. L. MEYER, *Postmaster-General*.

EXHIBIT B.

[Order No. 1159.]

MARCH 10, 1908.

Ordered: 1. That there shall be appointed a board of inspection for the purpose of inspecting goods and supplies purchased by the Post-Office Department for use in the Department and the postal service other than those inspected at the place of manufacture. This board shall consist of a chairman, who shall be attached to the office of the Postmaster-General, and a sufficient number of members properly to safeguard the interests of the service. The membership of the board shall be so arranged that the inspection of supplies received in the main building of the Post-Office Department shall be made by members employed in that building; and the inspection of supplies received at the annex buildings shall be made by persons employed therein.

2. The chairman shall keep the necessary records pertaining to the work of the board and shall assign in rotation, as nearly as practicable, the members of the board for inspection work. Inspections shall be made by not less than three members. A member of the board shall not make inspections of supplies received in the division in which he is employed.

3. All accepted samples, whether for supplies under contract or for supplies purchased in the open market, shall be placed in the custody of the chairman of the board of inspection.

4. When the head of a division draws an order for supplies he shall prepare an inspection sheet in quadruplicate, giving an exact description of the supplies as appears in terms on the order. These inspection sheets shall be forwarded to the chairman of the board of inspection.

5. When a consignment of supplies is received in a division the head of the division shall immediately notify the chairman of the board of inspection. The supplies, in their original packages, when practicable, in the judgment of the chairman, shall be turned over to the members of the board assigned to make the inspection. Heads of the divisions will see that employees render

^a Exhibits "C" and "D" not printed because of their length.

such assistance to the board of inspection as is necessary, in the way of opening packages, arranging supplies for inspection, etc.

6. The chairman of the board, as soon as practicable after he is notified of the receipt of a consignment, will assign certain members of the board to examine the articles, who shall count, weigh, measure, or apply such other tests as may be considered needful for determining whether the supplies meet with every requirement of the order therefor. If, in the judgment of the inspectors, the goods under consideration conform to the requirements of the order therefor and the specifications, they shall recommend acceptance; otherwise, they shall recommend rejection, unless the exigencies of the service require the immediate use of the supplies, in which case they shall recommend acceptance with proper deduction made on account of the deficiency, which shall be plainly stated. The inspection report in quadruplicate, bearing the chairman's approval or disapproval, as the case may be, shall be sent to the purchasing agent, who shall indorse thereon his acceptance or rejection of the supplies under consideration, and forward the original and one copy to the division that made requisition for the supplies, one copy to the chairman of the board, the remaining copy to be retained for the purchasing agent's file.

7. If the contract for any item has been awarded on superiority of sample submitted with bid, the accepted sample shall govern the action of the board of inspection.

8. The stock clerk or other representative of the division for which the supplies have been ordered may be present at the inspection to verify the quantity of the articles, which shall be turned over to him immediately upon their acceptance.

9. All goods inspected and accepted shall, as far as practicable, be so marked by the board of inspection.

10. If the board of inspection is at any time in doubt about the correct interpretation of any order or specification, the matter shall be submitted to the purchasing agent.

11. No portion of any consignment of supplies shall be placed in stock, nor otherwise used, until inspected and accepted as herein specified.

G. V. L. MEYER,
Postmaster-General.

COMMITTEE ON EXPENDITURES,
IN THE POST-OFFICE DEPARTMENT,
Monday, March 16, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

**TESTIMONY OF WILLIAM E. COCHRAN, PURCHASING
AGENT—Continued.**

The CHAIRMAN. What does your present force as purchasing agent consist of?

Mr. COCHRAN. There is myself, a chief clerk at \$2,000, one clerk at \$1,800, one clerk at \$1,600, one clerk at \$1,400, two clerks at \$1,200 each, two clerks at \$1,000 each, and an assistant messenger at \$720.

The CHAIRMAN. Are any of these clerks engaged in keeping the record of the supplies that are ordered?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. How many of them?

Mr. COCHRAN. One. I mean keeping accounts, bookkeeping; I have one bookkeeper.

The CHAIRMAN. That is largely for the purpose of ascertaining whether or not appropriations are exceeded?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. If you were relieved of the responsibility in connection with the exceeding of appropriations could you dispense with the services of that clerk?

Mr. COCHRAN. Yes, sir. If there was a division of accounts accessible to me at all times where I could get the information I could dispense with him. It might be necessary to have a requisition pass through that particular office so the information could be furnished as to whether or not the funds were available.

The CHAIRMAN. Have you one of the orders for supplies now in vogue?

Mr. COCHRAN. I have not with me.

The CHAIRMAN. Please furnish the committee with one; a blank form.

Mr. COCHRAN. Yes, sir.

[Copy of order form.]

FORM 1436.

Original.

Post Office Department,
Washington, D. C.

Order No. —.

APPROPRIATION :

Appro'n.	Ledger.	Stock.

Never omit order number from your invoice or package. Bills can not be passed for payment if order number is omitted.

Do not bill partial shipments except by permission. Invoices for complete shipments only will be passed for payment.

Date, —, 190—.

To —.

Address, —.

Kindly ship at once by — to —.

Item No.	Quantity.	Description.	Price.	Per—	Amount.

Drawn by :

Superintendent Division of Supplies.

Purchasing Agent.

Approved :

Fourth Assistant Postmaster-General.

The CHAIRMAN. Ought it not for good administration be determined in the initiative of a requisition for supplies whether or not supplies were available or funds for their purchase were available?

Mr. COCHRAN. I think so.

The CHAIRMAN. Those requisitions start with whom?

Mr. COCHRAN. Originally they started with a postmaster or some other postal official and went to the division of supplies, and if they concluded that the supplies were necessary and that they should be furnished they made a requisition on me; at least that used to be the practice. They now send me an order already drawn, which I sign. That applies to contract items.

The CHAIRMAN. The division of supplies must necessarily keep a record of supplies received and of requisitions issued?

Mr. COCHRAN. They should. I presume that they do.

The CHAIRMAN. What is the method as to supplies not contracted for?

Mr. COCHRAN. A requisition comes to me on which I have to ask for bids. When the bids are received they are turned over to a board of inspection, and the board of inspection recommends the acceptance of a certain bid. On that an order is drawn by the division of supplies and sent over to me for signature.

The CHAIRMAN. How is it determined what supplies you shall advertise for?

Mr. COCHRAN. The proposals for supplies, giving the estimated quantities and the kinds desired, are made by the board of supplies. Those proposals and specifications then come to me for review. After they have been agreed to, if there should be any differences between the two offices, an advertisement is issued and when the bids are opened the bids and samples which accompanied them are turned over to a committee of award which has previously been appointed by the Postmaster-General. That committee makes a report recommending the action that should be taken on each bid. This report goes to the purchasing agent and to the bureau officer for review and from them to the Postmaster-General. If the Postmaster-General approves the report an order of award is drawn in accordance with the recommendations of the committee.

Mr. GLASS. Who constitutes that committee?

Mr. COCHRAN. They are appointed usually under each advertisement.

Mr. GLASS. From officials of the Department?

Mr. COCHRAN. Yes; from officials in the Department. There have been instances where postmasters and assistant postmasters and post-office inspectors have also served on the committee of award.

The CHAIRMAN. How many members of that committee are there?

Mr. COCHRAN. It varies. On the general supplies, which is the largest advertisement we have, there are enough so that there can be subcommittees to pass on each different group.

The CHAIRMAN. Will you please give the committee the names of the members of the subcommittees last year?

Mr. COCHRAN. Yes, sir.

(Copy of order giving names of members of committee above referred to:)

Order No. 270.]

OFFICE OF THE POSTMASTER-GENERAL,

Washington, D. C., April 11, 1907.

Ordered, That E. H. Thorp, E. A. Niess, Robert L. Maddox, A. H. Baldwin, M. K. Campbell, B. L. Andrus, C. A. Vanderlip, and W. B. Severe be, and they are hereby, appointed a committee to open on April 22, 1907, all sealed proposals for furnishing general supplies for the Post-Office Department and the postal service for the fiscal year July 1, 1907, to June 30, 1908, and the four years July 1, 1907, to June 30, 1911, received under advertisement of March 11, 1907, and to prepare schedules of such proposals, by groups, as shown by the specifications thereon, and to deliver said schedules and proposals to the appropriate subcommittees hereinafter appointed, making reports to the Postmaster-General and the purchasing agent of the action taken by them.

It is further ordered, That the following-named persons are hereby appointed members of subcommittees to examine proposals for supplies in the respective groups listed:

(1) *Stationery*.—E. H. Thorp, superintendent, division of city delivery; T. C. Sullivan, division of supplies; William E. Corbin, division of dead letters.

(2) *Rubber and roller composition stamps and supplies*.—E. A. Niess, office of Assistant Attorney-General; John C. Kondrop, division of money orders; H. H. Nichols, division of money orders.

(3) *Metal and wood stamps and supplies, numbering machines and supplies, lead seals and presses, scales and copying presses, typewriting machines, computing machines.*—Robert L. Maddox, chief clerk, division of foreign mails; R. S. Taylor, office of chief inspector; George O. Preston, division of supplies.

(4) *Furniture, carpets, etc.; dry goods, forage, household supplies.*—A. H. Baldwin, chief, division of correspondence; Joseph I. Porter, division of railway adjustment; Walter S. Perry, office of chief inspector.

(5) *Twine and cordage.*—M. K. Campbell, division of equipment; J. M. Young, division of inspection; A. J. Mourning, division of railway mail.

(6) *Hardware and trucks, electrical supplies, fuel, ice, etc.*—B. L. Andrus, superintendent mail bag repair shop; James O'Donnell, chief engineer; A. S. Riddle, electrician.

(7) *Baskets, buckets, boxes, lumber.*—C. A. Vanderlip, division of city delivery; Thomas W. Byrne, division of supplies; M. P. Walsh, carpenter.

(8) *Paints, oils, chemicals, and glass, leather and leather belting.*—W. B. Severe, superintendent mail bag repair shop; James H. Lucas, assistant electrician; P. F. Mullady, office of Postmaster-General.

And the above-named subcommittees, after carefully considering said proposals and samples accompanying them, in connection with the specifications, shall render separate reports on such proposals as they have considered, suggesting such awards as in their judgment should be made, setting forth in each instance the reasons upon which awards should be based, particularly when awards are recommended for the reason that the samples furnished by the bidder are superior to the requirements of the specifications. These reports, with the exception of the report of the subcommittee on stationery, should be addressed to Mr. E. H. Thorp, chairman of the opening committee named above, who will transmit such reports, together with the report of the subcommittee on stationery, to the Postmaster-General and the purchasing agent, either with his approval or with such comments as he may desire to make.

G. v L. MEYER,
Postmaster-General.

Mr. GLASS. Through what medium do you advertise for these bids—circular letters sent to the concern who supply them?

Mr. COCHRAN. No, sir; not on any such advertisement as this. We advertise extensively through the papers all over the country. In addition to that, we have quite a large mailing list of persons that would probably be in a position to bid and we send the invitation to them, whether they respond to our advertisement or not, and we send it to anybody, of course, who asks for it, whether they ask before the advertisement is issued or afterwards.

The CHAIRMAN. The jute twine which you buy is of what yardage per pound?

Mr. COCHRAN. Four hundred and fifty yards, under the present contract.

The CHAIRMAN. Its tensile strength is what?

Mr. COCHRAN. The average is 24.

The CHAIRMAN. Pounds?

Mr. COCHRAN. Yes, sir; 24 pounds.

The CHAIRMAN. How much leeway is allowed, you say the average is 24 pounds?

Mr. COCHRAN. The specifications read as follows:

That if in making test for tensile strength 20 per cent or more of the balls selected of any lot show strength of only 20 pounds or less, the Department reserves the right to reject the entire lot even though the average tensile strength is as great as 24 pounds.

The CHAIRMAN. The stationery room of the House of Representatives is getting three-ply cotton cord at 17½ cent per pound, the yardage of which is said to be 900 yards to the pound.

Mr. COCHRAN (after experimenting with cord). The tensile strength is not over 15; that is my guess.

Mr. GLASS. What does the Post-Office Department pay for twine?

Mr. COCHRAN. Thirteen cents delivered in Washington.

Mr. GLASS. And what is the yardage?

Mr. COCHRAN. Four hundred and fifty.

Mr. GLASS. The other is $17\frac{1}{2}$ cents and the yardage 900?

Mr. COCHRAN. That cord, according to my best judgment, would not answer the purposes of the postal service, because it is deficient in strength.

The CHAIRMAN. Have you had any tests made of the relative strength of cotton and jute twine?

Mr. COCHRAN. Yes, sir; I had one made recently.

The CHAIRMAN. Do you remember the result?

Mr. COCHRAN. The result showed in general terms that to get the strength in cotton that we had in jute we would have to pay more for the cotton than we pay for the jute. I would like also to state—I think I stated it before, either before this committee or the other committee—that we send every year to all of the cotton spinners, the names of whom we can secure, an invitation to bid, and that they have not bid.

The CHAIRMAN. This jute seems to vary greatly in strength?

Mr. COCHRAN. That is always the case with any two-ply twine. I overstated the strength of the cotton twine, if anything.

The CHAIRMAN. What legislation do you regard as necessary to relieve you of the responsibility of exceeding appropriations?

Mr. COCHRAN. Any enactment that should state in distinct terms that I should not be responsible would relieve me of it. The recommendations of the postal commission if put in force would relieve me.

The CHAIRMAN. You have observed the specifications for ink for the Treasury Department?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Do you not think that is an improvement over the form which has been used by the Post-Office Department?

Mr. COCHRAN. I think it is.

The CHAIRMAN. Have you thought of adopting that form?

Mr. COCHRAN. I should adopt it or some ink formula which should be just as good as that, if I could, but, as a matter of fact, I am not asked to buy ink this year for the postal service.

The CHAIRMAN. Have you experimented with the ink tablets?

Mr. COCHRAN. Only to a very slight extent. By direction of the Postmaster-General, a supply of the ink tablets was sent last week to the Bureau of Standards for analysis and test and their report on that has not yet been received.

The CHAIRMAN. Is there a unanimous preference for ink tablets over ink in the Department?

Mr. COCHRAN. No, sir. The Third Assistant Postmaster-General has written both to me and the Fourth Assistant Postmaster-General, urging that a supply of ink be advertised for. The Fourth Assistant Postmaster-General has not as yet consented to include a supply of ink in the estimates. The advertisements for supplies are now being published and the opening occurs on the 15th of April, the date fixed by the Secretary of the Treasury for this year. In response to the inquiries that have been made of the division of

supplies I have learned that the matter is now in the hands of the Postmaster-General. By direction of the Postmaster-General, as I have stated, a supply of ink tablets has been sent to the Bureau of Standards for analysis, but I understand that the report on that test can not be expected before two weeks. In the meantime the Third Assistant Postmaster-General renews his request with considerable urgency that a supply of ink be contracted for.

Mr. GLASS. Do you think ink tablets give as good satisfaction as the ink itself?

Mr. COCHRAN. My information, based on the statements of the Third Assistant Postmaster-General, leads me to believe that they do not. We do not use them in the Department.

Mr. GLASS. I would not think they would.

Mr. COCHRAN. No, sir.

Mr. GLASS. If the ink is deficient it seems to me that you could hold the contractor responsible, but if you get tablets and every man has to mix them himself, it seems to me the responsibility would be divided?

Mr. COCHRAN. I should not object to that feature of it if it gave good results, but the Third Assistant Postmaster-General contends that it does not. That is based on statements of postmasters made to him that the ink can be washed off with water, and, as he says, it is useless for us to go to the expense of having money order forms printed on safety paper if all that is necessary is to take water and wash the ink off.

The CHAIRMAN. Complaint has been made about the toilet paper. Have you a sample of the paper contracted for?

Mr. COCHRAN. Yes, sir. This is the toilet paper for the Post-Office Department, not for the postal service (producing package of Vichy toilet paper).

The CHAIRMAN. Is that secured under the general letting of contracts?

Mr. COCHRAN. It is.

The CHAIRMAN. At what price?

Mr. COCHRAN. At 4.25 cents a roll.

The CHAIRMAN. Is there any other toilet paper purchased for special use in the Department?

Mr. COCHRAN. I think we made one purchase. I think probably the last list I furnished showed that.

The CHAIRMAN. Have you heard any complaints about this paper?

Mr. COCHRAN. I have.

The CHAIRMAN. What complaint?

Mr. COCHRAN. The complaint is that it is not strong enough.

The CHAIRMAN. Do you personally participate in the inspection of supplies when they are received by the division of supplies?

Mr. COCHRAN. I do not. I never have.

The CHAIRMAN. Is there anybody as capable of determining whether supplies are up to the standard and in accordance with the contracts and specifications as you would be?

Mr. COCHRAN. Well, the policy of the Department has been, inasmuch as I do make the contracts in a way and order the goods, that I should not make the inspection; that they should be passed on independently of me; I have rather accepted that view as the correct one.

Mr. GLASS. That they should be passed on independently?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Conceding that they should be passed on independently, would it not be well at the same time if you were personally cognizant of them in order that you might either concur in or object to the conclusions of the inspection committee?

Mr. COCHRAN. That is done. All the reports come to me for action, and I can approve or disapprove.

The CHAIRMAN. But if you fail to see the articles how can you judge fairly whether the committee has reached a proper conclusion?

Mr. COCHRAN. I can not, except twine, for instance. We have a machine there for making the tests and also for making the measurements, and if that committee, in whom I have confidence, makes the tests in accordance with the requirements of the specifications, I should have no reason to question it. The regulations that have been issued prior to the ones dated December 21, 1907, have always contained the provision that I could make, whenever I saw fit, an independent inspection on my own account. That is not included in the last one, and I do not know whether it is in force or not.

Mr. GLASS. Why was not that included in the last one?

Mr. COCHRAN. I can not tell you. All I know is that it was not left out on my recommendation.

Thereupon the committee adjourned.

[See note on p. 43.]

POST-OFFICE DEPARTMENT,
OFFICE OF THE PURCHASING AGENT,
Washington, April 17, 1908.

Hon. I. P. WANGER,

*Chairman Committee on Expenditures in the Post-Office Department,
House of Representatives, Washington, D. C.*

SIR: In compliance with your request, I have the honor to inclose herewith a list showing the purchases outside of contract of trucks and baskets for both the departmental and postal service from July 1, 1907, until April 15, 1908. In all cases the call was for special shapes and sizes which could not be supplied under the regular contract items.

Very respectfully,

W. E. COCHRAN,
Purchasing Agent.

Inclosure.

List of exigency purchases of trucks and baskets from July 1, 1907, to April 15, 1908, and the amounts paid therefor.

FISCAL YEAR OF 1907.

Order No.	Date.	Ordered from.	Description of article.	Cost.
953	Oct. 10	The Fairbanks Co.	4 two-wheeled trucks.	\$21. 40
1823	Jan. 8	Dulin & Martin Co.	2 wicker baskets.	3. 00

FISCAL YEAR OF 1908.

875	Aug. 27	Woodward & Lothrop.	6 baskets.	\$9. 00
876	do	Julius Fowl.	do	7. 80
1175	Sept. 17	do	3 baskets.	3. 90
1284	Sept. 24	Dulin & Martin Co.	6 baskets.	7. 50
1903	Oct. 14	The Fairbanks Co.	6 wagon trucks.	70. 80
2082	Oct. 19	Julius Fowl.	10 baskets.	28. 25
2095	Oct. 22	The Fairbanks Co.	1 truck.	2. 75
2096	do	Chas. R. Edmonston.	3 baskets.	6. 60
2330	Oct. 30	Dulin & Martin Co.	6 baskets.	13. 00
2714	Nov. 20	Leatheroid Manufacturing Co.	24 baskets.	105. 00
2717	do	do	4 trucks.	113. 60
			40 boxes.	
			50 cars.	
2718	do	do	50 boxes.	422. 50
2719	do	do	175 boxes.	397. 50
2738	Nov. 26	Chas. R. Edmonston.	68 baskets.	85. 84
2901	Nov. 30	Leatheroid Manufacturing Co.	168 fiber tubs.	950. 72
2902	do	Phillips, Doup & Co.	3 trucks.	36. 00
3170	Dec. 19	Chas. R. Edmonston.	24 baskets.	53. 60
3225	Dec. 24	Julius Fowl.	166 baskets.	340. 24
3397	Jan. 4	Leatheroid Manufacturing Co.	11 trays.	36. 40
			8 baskets.	
3513	Jan. 9	Nutting Truck Co.	5 trucks.	89. 00
3590	Jan. 11	Julius Fowl.	8 tubs.	38. 70
3591	do	Leatheroid Manufacturing Co.	15 tubs.	82. 80
3658	Jan. 21	do	57 tubs.	286. 74
			18 trays.	

THE COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
Thursday, March 19, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. CHARLES P. GRANDFIELD, FIRST ASSISTANT
POSTMASTER-GENERAL.

The CHAIRMAN. Please state your connection with the Post-Office Department, when it began and in what position, and then the positions which you have occupied up to the present time.

Mr. GRANDFIELD. I was appointed a clerk at \$1,000 in August, 1885, as the result of a competitive civil-service examination. I have been connected with the bureau of the First Assistant Postmaster-General ever since that date, being promoted one grade at a time up to the position of assistant superintendent of the division of salaries and allowances; that was in 1900, I think. In February, 1906, I was appointed chief clerk of the bureau, and on February 29, 1908, First Assistant Postmaster-General.

The CHAIRMAN. In the report of the First Assistant Postmaster-General for the last fiscal year there is stated an expenditure of \$24,575,696.10, for compensation to postmasters, an increase of \$1,031,111.01. What occasioned that increase?

Mr. GRANDFIELD. What fiscal year was that?

The CHAIRMAN. The last fiscal year over the year 1906.

Mr. GRANDFIELD. We must assume that the increase was due to the extraordinary and unusual growth of the postal service, as shown by the gross receipts. It was about \$250,000 more than the average annual increase of expenditures on account of postmasters' salaries. You will notice that for a series of years the annual increase on account of postmasters' salaries has been very much less than that. That increase is very extraordinary. We can only assume that it was due to the unusual increase in business. We find that that year the business increased more rapidly than in prior years.

The CHAIRMAN. According to this table the increase was 4.37 per cent in 1907 over 1906, but while it was considerably higher than the preceding year, yet in 1906 it was \$801,243.06 over 1905, and in the ten years from 1898 to 1907, inclusive, the amount has increased from \$17,453,433.58 to \$24,575,696.10, being an average annual increase of \$712,226.25.

Mr. GRANDFIELD. You understand that the expenditures under this appropriation are regulated by law and not by the Department. We have no discretion whatever. The salaries are fixed by law, and if the appropriation is not sufficient the Treasury Department submits a deficiency estimate, which is always allowed. The accounts are simply suspended pending the action of Congress in making a deficiency appropriation, in the event the appropriation is not sufficient. I believe that for the present year a deficit is anticipated.

The CHAIRMAN. Do I correctly understand that the law fixes the compensation of postmasters, but the ministerial function of ascertaining what those salaries are in each instance is with your division?

Mr. GRANDFIELD. Yes, sir. The best we can do is to take the average annual increase and make a comparison with the expenditures for the preceding year.

The CHAIRMAN. In making your estimates?

Mr. GRANDFIELD. Yes, sir. Of course, we really have to do that two years in advance. We are always two years in advance of the current appropriation in our estimates.

The CHAIRMAN. What is the method of ascertaining those salaries? That is done by what bureau?

Mr. GRANDFIELD. By the bureau of the First Assistant Postmaster-General. The estimate is prepared by simply taking the average annual increase for the last ten years.

The CHAIRMAN. Through what subordinate?

Mr. GRANDFIELD. The salaries and allowances division. As a matter of fact, as the chief clerk of the bureau, during the last two years, I have supervised the preparation of the estimates.

The CHAIRMAN. What review is there, if any, of the action of the division of salaries and allowances?

Mr. GRANDFIELD. In fixing salaries?

The CHAIRMAN. Yes, sir; in ascertaining the salaries under the law?

Mr. GRANDFIELD. Of course they are reviewed by the individual postmaster, who understands the law, as a rule, as well as we do. That is in the case of Presidential offices. If we make a mistake in favor of the Government, naturally our attention is called to it by the postmaster. If we make a mistake in favor of the postmaster, the mistake is usually discovered either by the salaries and allowances division or by the Auditor's office, both of those offices having the

same opportunities for making the computations. In the case of fourth-class offices the compensation is regulated by cancellations, and the computations are all made in the office of the Auditor for the Post-Office Department. The Post-Office Department itself has practically nothing to do with the ascertaining and fixing of the compensation of fourth-class postmasters. That is settled entirely in the Auditor's office, except when we discover that fraud has been committed, in which case the salary is fixed arbitrarily by the Postmaster-General on the recommendation of the Third Assistant Postmaster-General, the financial officer of the Department. That is the class of cases where the postmaster claims commissions on cancellations that he is not entitled to.

The CHAIRMAN. The data of business done by the offices before the Auditor for the Post-Office Department is sufficient to enable him to determine whether the ascertainment by the division of salaries and allowances is accurate or inaccurate?

Mr. GRANDFIELD. Oh, yes. There is not sufficient time, however. The salaries of the Presidential postmasters are based on the gross receipts for the four quarters ending March 31 each year, and the salaries are fixed to take effect at the beginning of the next fiscal year, July 1, so that there is only three months in which to make the computations and complete the work. The time is too short. We have urged Congress to amend the law by taking the four quarters of the calendar year. That would give us six months in which to make the readjustments. We have made that recommendation two years in succession now, and while I think it is understood by the Post-Office Committee that such a change in the law would be desirable, nothing has been done as yet. You will find in our annual report a recommendation of that kind and the reasons for it.

The CHAIRMAN. But Mr. Hitchcock recommended that the salaries should be adjusted on the basis of the total business done for the four quarters instead of upon the requirement that the business of each quarter should reach a certain sum, did he not?

Mr. GRANDFIELD. That recommendation applies only to the advancement of offices from the fourth class to the Presidential class. It does not apply to this annual readjustment of Presidential postmasters' salaries. That change has also been recommended to correct an injustice to certain classes of offices. The law requires that when the compensation amounts to \$250 a quarter for each of four successive quarters, and the gross receipts to \$1,900 for the same four quarters, the office shall be advanced to the Presidential class at the beginning of the next quarter and the salary fixed on the basis of the gross receipts. If by any chance the compensation in one quarter falls below \$250, no matter what the receipts are, the office still remains in the fourth class. In the case of Palm Beach, Fla.—I use this as an illustration—the gross receipts are nearly \$6,000, and yet in one quarter, during the summer season, the hot season, the compensation of the postmaster falls a little below \$250, and consequently that office can not be advanced to the Presidential class, although during a part of the year it is doing the business of a large Presidential office, the salary of which, based on receipts, would be \$1,600. That is the reason that we made the recommendation in regard to changing the law governing the entrance of fourth-class

offices into the Presidential class. The change in the law would affect only about 200 offices.

The CHAIRMAN. Generally those offices are like Palm Beach, where there is a large business during a brief period of the year?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. And a small business during the remainder of the year?

Mr. GRANDFIELD. Yes, sir. Atlantic City at one time no doubt was in that class. It was kept out of the Presidential class long after it was entitled to be advanced simply by the operation of this law that requires that the compensation shall be \$250 for each of four successive quarters before the office can become Presidential, no matter what the receipts may be.

The CHAIRMAN. Do you know what business the postmaster at Palm Beach is in besides being postmaster?

Mr. GRANDFIELD. No; I do not know. Of course during the busy season—I presume that is in the winter down there—he must furnish sufficient room and sufficient clerical help to transact the business of a large Presidential office.

The CHAIRMAN. Generally the postmaster is interested in the development of the place?

Mr. GRANDFIELD. During the busy post-office season, of course, he must necessarily devote all his time to the office. You see, his salary under no circumstances can be more than \$1,000, and probably he must pay out a large part of that to provide clerks during the busy season.

The CHAIRMAN. But generally the postmaster is so interested in the prosperity of the place and the development of his own business and that business is so dependent upon the prosperity of the place that he can very well afford to provide additional clerk hire?

Mr. GRANDFIELD. Well, perhaps so. I do not know anything about the management of the office. The case occurred to me and I gave it as an illustration of the effect of the present law on post-offices of that kind. I think it would be found, however, that frequent changes of postmasters occur in such post-offices; that is, that a postmaster does not serve very long. There can be no profit in it for him unless, as you say, he has other business and is interested in the development of the place. Ordinarily the operation of the law is equitable. It is unjust only in exceptional cases, and in the long run the Government would not lose anything by changing the law. These offices generally get into the Presidential class in time.

The CHAIRMAN. But, irrespective of whether an office should advance from the fourth class into the third class, it would be in the interest of good administration to have the compensation based upon the calendar year rather than have it end with March 31?

Mr. GRANDFIELD. Yes, sir. Aside from giving us more time to make the computations, it is a little bit easier from the bookkeeping standpoint to get the gross receipts by calendar years than by such an irregular period as the four quarters ending March 31. That is neither the end of the fiscal year nor the end of the calendar year. I think that change in the law would be very desirable.

The CHAIRMAN. I see no reason why it should not be made, especially if it is divorced from the proposition to change the condition for advancing an office from the fourth to the third class.

Mr. GRANDFIELD. There is really no connection between the two amendments. It so happens that they are together in the annual report, but they would be two separate amendments to the same law. Another advantage in changing the law is this: All of our allowances are based on the grade that an office attains—that is, a second-class office is entitled to clerk hire and an assistant postmaster—and there are sometimes as many as 120 offices (last year there were 140) advanced from the third class to the second class. The computation on which those offices are assigned to the proper classes is sometimes not completed until just before the beginning of the fiscal year and sometimes not until after July 1, and consequently the allowances must be hurried through. It does not give us enough time to do the work. To have six months to readjust the salaries and fix the class of the offices would be very desirable from an administrative standpoint; that is, from the standpoint of making allowances to postmasters when they advance from the third class to the second class and from the second class to the first class.

The CHAIRMAN. Is the compensation to assistant postmasters at first and second-class post-offices based upon like conditions as those relating to the compensation of postmasters?

Mr. GRANDFIELD. No, sir. That is to a certain extent within the discretion of the Department. There is a law which fixes the compensation of an assistant postmaster at a first-class office at not to exceed 50 per cent of the postmaster's salary, and we have adopted an office rule of the same kind with respect to assistant postmasters at second-class offices, although there is no such limitation by law. The appropriation act each year specifies the number of assistant postmasters in each grade beginning at \$700, which is of course less than 50 per cent of the salary of any second-class postmaster, and the highest salary is \$4,000, which is 50 per cent of the salary of the postmasters at New York and Chicago, at which offices the salary of the postmaster is \$8,000.

The CHAIRMAN. How is it determined what the salary of assistant postmasters at first and second class offices shall be?

Mr. GRANDFIELD. If the appropriation is sufficient, we allow a salary equal to 50 per cent of the salary of the postmaster at all second-class offices that have been in that class for several years.

The salaries at the new second-class offices, those advancing that particular year, are fixed at \$700 if the salary of the postmaster is \$2,000, at \$800 if the salary of the postmaster is \$2,100, and at \$900 if the salary of the postmaster is \$2,200. In the event that there are not sufficient funds to allow the full 50 per cent to all assistant postmasters at offices of a given grade (other than new second-class offices) we allow that amount at the office having the largest revenue. For instance, if the receipts at one office were \$9,500 and the receipts at another office \$9,400 we should allow the higher salary at the office where the receipts were \$9,500.

The CHAIRMAN. Does the Auditor for the Post-Office Department have any jurisdiction over those allowances?

Mr. GRANDFIELD. Only to see that the appropriation is not exceeded and that the number fixed by law in each grade is not exceeded.

The CHAIRMAN. But not as to whether a particular office ought or ought not to be given an assistant?

Mr. GRANDFIELD. No, sir. That is regarded as an administrative question and not under the jurisdiction of the Auditor, provided there is no violation of law.

The CHAIRMAN. How is the compensation to clerks at first-class offices determined?

Mr. GRANDFIELD. The number of clerks allowed is determined by the amount of business transacted, the population of the place, the number of mails received and dispatched, etc. This information, of course, is obtained from the postmaster, and the allowances are based on his statements and on the results of a personal investigation made by a representative of the Department. From time to time reports are made as to whether the allowance for clerk hire is greater than necessary and whether it can be reduced without detriment to the service.

The CHAIRMAN. It appears to have advanced from \$10,591,857.69 in 1898 to \$22,731,641.05 in 1907, having more than doubled in that period?

Mr. GRANDFIELD. That is due to two causes, the principal cause being the growth of the service. During those ten years you will notice that the number of offices in the first and second classes has very largely increased, and the receipts of the first and second class offices increase in greater ratio than the receipts of the entire postal service. Another cause, of course, is the fact that the salaries of clerks in those positions have been increased; that is, individual salaries. In 1898 we paid clerks as little as \$300 a year and at the present time we have no clerks at less than \$600 in first and second class offices. At the last session of Congress, as you know, there was a reclassification of clerks, under which they are increased \$100 a year in salary if their record for the preceding year as to faithfulness and efficiency is satisfactory; but of course the effect of that law is not apparent in any of the figures you have. This increase is due, as I say, to the increase in business and also to the fact that the salary of the clerks has been raised, the average salary being much higher than it was ten years ago.

The CHAIRMAN. To what extent can the Auditor for the Post-Office Department determine the accuracy of the allowances for compensation to clerks in first and second class offices, if at all?

Mr. GRANDFIELD. The postmaster is authorized to appoint a clerk and he reports his name to the Department and the Department approves it and notifies the Auditor of the date of the clerk's appointment, giving his name. In order to get credit for the expenditure the postmaster must furnish a voucher signed by the clerk, and on that voucher the clerk certifies that he has performed the services for which he was paid, and the postmaster certifies to the same thing. The Auditor accepts that voucher as evidence that the money has been expended in accordance with the previous authorization of the Department. The Auditor has no means of knowing whether the allowance was needed, but he does satisfy himself that the money was expended in the way the Department authorized it to be expended.

The CHAIRMAN. And that authorization is made by the division of salaries and allowances?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. In pursuance of a general rule adopted by the Postmaster-General?

Mr. GRANDFIELD. Yes, sir. The allowance is really approved by the Postmaster-General. It is entered in his journal and a copy of that journal, certified to by the First Assistant Postmaster-General, is transmitted to the Auditor. All orders making allowances are signed by the Postmaster-General.

The CHAIRMAN. But while he signs the order he practically has no time or opportunity to determine whether the allowance is in strict accordance with the rule?

Mr. GRANDFIELD. The orders are grouped in a journal, and one signature covers a great many allowances. Of course, the reason the Postmaster-General signs the order is that he is required by law to do so. The examination as to the need for the allowance is made by the salaries and allowances division of the First Assistant Postmaster-General's bureau. There is another check, and that is the visit of the inspector to ascertain and report to the Postmaster-General—directly to the chief inspector—whether, among other things, the allowance was warranted by the needs of the service, or even by law. It is the inspector's business to report irregularities of every kind. He is a checking officer rather than an administrative officer. It is his duty to report any and all irregularities.

The CHAIRMAN. The ideal inspector is a critic?

Mr. GRANDFIELD. Yes, sir; he is a critic and instructor.

The CHAIRMAN. But his review is of the post-office?

Mr. GRANDFIELD. Yes, sir; but the review of the post-office is very thorough. I presume the chief inspector has given you what is known as the inspector's form. That shows the thoroughness with which the inspectors go into everything connected with the post-office. They report the hours of service of the postmaster and of the clerks; whether the postmaster has any other business; if so, what, and how much time he devotes to it. It would be an inspector's duty to report if he found a clerk working less than eight hours in the day just as much as it would be his duty to report if the clerk was working sixteen hours in the day.

The CHAIRMAN. How is the compensation to substitutes for clerks ascertained?

Mr. GRANDFIELD. Under the law a clerk in a first or second class office is entitled to fifteen days' leave each year with pay, after he has performed service for one year. When a substitute is employed in place of a clerk absent on leave with pay, the Department makes the postmaster an allowance. This allowance is made in advance of the actual expenditure; all allowances are, in fact. In case the clerk is absent without pay, of course his salary lapses and a substitute is employed and paid at the rate of 30 cents an hour out of the unearned salary of the absent clerk. If the salary of the absent clerk were only \$600, the amount lapsing would not be enough to pay the substitute, but as the average salary of clerks is about \$800 in actual practice there is a sufficient fund to pay substitutes at the rate of 30 cents an hour. That law was only passed at the last session of Congress and it is working very satisfactorily.

The CHAIRMAN. How are the allowances for temporary clerk hire made?

Mr. GRANDFIELD. When the business of a first or second class post-office fluctuates, as at Atlantic City, for instance, we find it more economical to allow a temporary clerk during the busy season

than to put on a regular clerk who would probably not have enough to do during the dull season. We make this allowance at the time of the greatest need, on the recommendation and application of the postmaster, and, frequently, as the result of a personal investigation by a representative of the Department.

The CHAIRMAN. How are the allowances for separating service at third and fourth class offices and for unusual conditions at post-offices made?

Mr. GRANDFIELD. Allowances for separating mail at fourth-class offices are based on the amount of transit mail handled—that is, mail not addressed to or mailed at that office—mail that the postmaster handles and derives no benefit from, either from commissions on cancellation or the sale of stamps. They are regulated by a rule of the Postmaster-General which is published in the Postal Regulations and is herewith submitted [order No. 644, 1904]. Under that rule each allowance is based on the number of pieces of transit mail passing through the office daily. The minimum allowance is \$36 a year. That allowance is given for the minimum number of pieces of transit mail under the scale I speak of. Only offices at the intersection of mail routes are entitled to an allowance for separating service.

The CHAIRMAN. Why should an allowance for separating service be made at third-class offices and not at second-class offices?

Mr. GRANDFIELD. For second-class offices we have a separate appropriation, and it is not necessary to have authority to make allowances for separating service, because we have authority under the present law to allow all that is necessary for clerk hire to second-class offices, but at all third-class offices the postmaster is compelled to pay part of the clerk hire out of his salary. There is not now and never has been a sufficient appropriation to pay for clerical assistance at third-class offices. There is a sharp line between third and second class offices in the matter of allowances. The receipts of a third-class office might be \$7,999 and the allowance under the present law could not be more than \$400.

The CHAIRMAN. For clerk hire?

Mr. GRANDFIELD. Yes, sir. While, if the receipts were \$1 more, making them \$8,000, the probable allowance for clerk hire would be \$1,300—an assistant at \$700 and one clerk at \$600, or possibly two clerks at \$600 each each, depending on the conditions. So you see it is extremely desirable for the postmaster to get his postoffice into the second class. A large third-class office with a salary of \$1,900 is not a very lucrative office for the postmaster. He receives \$400 for clerk hire and he probably pays out \$1,200, which would reduce his salary to about \$1,100.

The CHAIRMAN. But the third-class postmaster may get an allowance for separating service?

Mr. GRANDFIELD. Yes, sir; if he happens to be at the intersection of mail routes. If he is at a summer-resort office he might get an additional allowance from the appropriation for unusual conditions.

The CHAIRMAN. What are unusual conditions at post-offices?

Mr. GRANDFIELD. Conditions that arise in the postal service that necessitate an allowance that we can not make under any other law. Such conditions are found at first, second, third, and fourth class post-offices. For instance, in Alaska the scale of wages is very high and a clerk could not be induced to serve for the initial salary allowed

at a second-class office, \$600. We pay the clerk at Nome, Alaska, \$2,000 a year, because \$600 would not pay his board. Similar conditions are found at some of the mining camps in Nevada, such as Goldfield. The minimum rate of pay in Goldfield is \$4 a day, and we have had to employ clerks at \$1,400 per annum and pay them out of this appropriation for unusual conditions. At Rawhide, Nev., exactly the same conditions exist. We received a telegram from a post-office inspector yesterday to the effect that there were 6,000 people in Rawhide, a small fourth-class office, and that there was urgent need for 4 clerks at \$4 a day each. We had to allow it. Even that may not relieve the congestion, because the clerks the postmaster finds out there are probably inexperienced and we may have to send some experienced clerks from some of the larger offices to assist in relieving that congestion. These unusual conditions are found only in Alaska, the Western mining camps, and some of the summer and winter resorts on the Atlantic coast, where the offices are still in the third or fourth class. The law authorizing the Postmaster-General to make such allowances has been on the statute books for a great many years in a slightly different form.

The CHAIRMAN. Is there a detailed statement in print showing the allowances for temporary clerk hire at first and second class offices, for separating service at third and fourth class offices, and for unusual conditions at post-offices?

Mr. GRANDFIELD. No, sir; there is not.

The CHAIRMAN. How much labor would it be to have a table prepared showing those three things?

Mr. GRANDFIELD. I think there are about 12,000 offices having allowance for separating service, about 600 having allowance for temporary clerk hire, and probably 200 having allowance for clerk hire on account of unusual conditions. It would be comparatively easy to make the table if you would omit the allowance for separating service.

The CHAIRMAN. Suppose you have that table prepared for temporary clerk hire and for unusual conditions.

Mr. GRANDFIELD. Yes, sir; I will. [Table inserted below.]

The CHAIRMAN. What is the maximum allowance for separating service?

Mr. GRANDFIELD. I am sorry that I did not find the scale. There is no maximum. The amount is regulated entirely by the amount of transit mail handled. I will send you a copy of the schedule on which these allowances for separating services are based. [See copy of Order No. 644, below.]

Thereupon the committee adjourned.

Order No. 644.]

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., June 24, 1904.

Whereas the act of Congress making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1905, under the head of clerk hire for unusual business and for separating mails, provides that no part of the appropriation shall be disbursed until the Postmaster-General shall publish the rules or regulations governing the Department in the allotment of the same,

Therefore the following rules are hereby promulgated and publication ordered in the Daily Bulletin and the Postal Guide:

1. Allowances for clerk hire on account of unusual business accruing at third and fourth class post-offices will be granted under section 309, Postal Laws and Regulations.

upon the application of the postmaster when it is shown that the salary of the office (or the commissions on cancellations) is not sufficient compensation for the work performed and where by reason of the unusual business clerical assistance is employed that would not be necessary under usual conditions.

2. Under section 308, Postal Laws and Regulations, post-offices of the third and fourth classes located at the intersection of mail routes may be allowed clerk hire out of the appropriation for separating mails, upon the application of the postmaster. Such allowances shall be based upon the average amount of ordinary mail in transit daily and the average number of registry pieces in transit monthly, one registry transit being regarded as equivalent to 30 pieces of ordinary mail.

The following scale is hereby adopted as a guide in making allowances for separating mails, and the allowances in no case shall exceed the maximum amount fixed under the scale, and shall be graded according to the condition of the appropriations for separating mails and for clerk hire for third-class post-offices.

Where the average number of pieces of mail separated daily amounts to 34 and is not in excess of 66 pieces the annual allowance shall not exceed \$36. For each increase of 33 pieces in the average number separated daily, not to exceed \$12 additional may be allowed annually until the average number of pieces separated daily amounts to 600 pieces. For each increase of 50 pieces in the average number separated daily above 601, \$12 additional may be allowed annually, as follows:

	Per annum.
From 34 to 66 pieces	\$36. 00
From 67 to 100 pieces	48. 00
From 101 to 133 pieces	60. 00
From 134 to 166 pieces	72. 00
From 167 to 200 pieces	84. 00
From 201 to 233 pieces	96. 00
From 234 to 266 pieces	108. 00
From 267 to 300 pieces	120. 00
From 301 to 333 pieces	132. 00
From 334 to 366 pieces	144. 00
From 367 to 400 pieces	156. 00
From 401 to 433 pieces	168. 00
From 434 to 466 pieces	180. 00
From 467 to 500 pieces	192. 00
From 501 to 533 pieces	204. 00
From 534 to 566 pieces	216. 00
From 567 to 600 pieces	228. 00
From 601 to 650 pieces	240. 00
From 651 to 700 pieces	252. 00

(Signed)

R. J. WYNNE,
Acting Postmaster-General.

Statement of allowances to March 20, 1908, from appropriation for temporary clerk hire for current fiscal year.

	Amount.		Amount.		Amount.
ALABAMA.		CALIFORNIA.		CALIFORNIA—cont'd.	
Anniston	\$24. 00	Alameda	\$125. 00	Redlands	\$72. 00
Bessemer	21. 60	Berkeley	275. 00	Riverside	48. 00
Birmingham	740. 00	Eureka	144. 00	Sacramento	480. 00
Mobile	200. 00	Fresno	144. 00	Salinas	48. 00
Montgomery	72. 00	Haywards	100. 00	San Bernardino	72. 00
Selma	108. 70	Healdsburg	108. 00	San Diego	700. 00
		Hollywood	24. 00	San Francisco	6,000. 00
ARIZONA.		Longbeach	240. 00	San Jose	325. 20
Bisbee	200. 00	Los Angeles	5,800. 00	San Luis Obispo	60. 00
Douglas	72. 00	Marysville	24. 00	San Rafael	36. 00
Phoenix	200. 00	Merced	75. 00	Santa Ana	72. 00
		Modesto	74. 70	Santa Cruz	36. 00
ARKANSAS.		Mountain View	80. 00	Santa Monica	14. 40
Eureka Springs	150. 00	Nevada City	36. 00	Santa Rosa	72. 00
Fort Smith	432. 50	Oakland	700. 00	Stockton	100. 00
Little Rock	150. 00	Oceanpark	180. 00	Tulare	36. 00
Mena	72. 00	Pacific Grove	300. 00	Ventura	60. 00
Rogers	72. 00	Palo Alto	72. 00	Watsonville	63. 00
Texarkana	58. 80	Pasadena	800. 00	Whittier	24. 00
		Petaluma	72. 00	Woodland	72. 00
		Pomona	200. 00		

Statement of allowances to March 20, 1908, from appropriation for temporary clerk hire for current fiscal year—Continued.

	Amount.		Amount.		Amount.
COLORADO.		ILLINOIS—cont'd.		IOWA—continued.	
Boulder.....	\$36.00	Evanston.....	\$144.00	Muscatine.....	\$72.00
Canon City.....	60.00	Galesburg.....	72.00	Newton.....	14.40
Colorado Springs.....	400.00	Hinsdale.....	30.00	Oelwein.....	18.60
Denver.....	2,830.00	Jacksonville.....	14.40	Oskaloosa.....	48.00
Florence.....	24.00	Joliet.....	108.00	Ottumwa.....	24.00
Fort Collins.....	36.00	La Grange.....	24.00	Red Oak.....	200.00
Idaho Springs.....	36.00	Lewistown.....	28.00	Shenandoah.....	3.00
Longmont.....	36.00	Mattoon.....	48.00	Sioux City.....	74.40
Loveland.....	75.00	Maywood.....	36.00	Waterloo.....	24.00
Montrose.....	50.00	Moline.....	40.50		
Pueblo.....	216.00	Mount Vernon.....	60.00	KANSAS.	
Salida.....	25.00	Oak Park.....	30.00	Arkansas City.....	19.20
Trinidad.....	14.40	Ottawa.....	15.00	Concordia.....	30.00
CONNECTICUT.		Pana.....	72.00	Dodge City.....	24.80
Bridgeport.....	222.00	Paris.....	48.00	Emporia.....	36.00
Bristol.....	14.40	Peoria.....	300.00	Fort Scott.....	6.30
Derby.....	14.40	Quincy.....	36.00	Galena.....	4.80
Hartford.....	541.20	Robinson.....	1.80	Garden City.....	30.00
Meriden.....	60.00	Rock Island.....	390.00	Garnett.....	60.00
Middletown.....	4.80	Springfield.....	122.00	Great Bend.....	36.00
Mystic.....	81.00	Sterling.....	48.00	Herington.....	24.00
New Haven.....	72.00	Taylorville.....	24.00	Hutchinson.....	72.00
New London.....	100.00	Waukegan.....	100.00	Kansas City.....	150.00
Ridgefield.....	127.80	Wilmette.....	36.00	Larned.....	300.00
South Manchester.....	48.00	Woodstock.....	320.00	Lawrence.....	75.00
South Norwalk.....	36.00			Leavenworth.....	72.00
Stamford.....	24.00	INDIANA.		Olathe.....	27.00
Wallingford.....	200.00	Attica.....	200.00	Parsons.....	80.40
DIST. COLUMBIA.		Bedford.....	27.60	Salina.....	4.80
Washington.....	850.00	Bluffton.....	12.00	Winfield.....	18.00
FLORIDA.		Brazil.....	24.00	KENTUCKY.	
Daytona.....	12.00	Elkhart.....	72.00	Bowling Green.....	73.80
De Land.....	45.00	Elwood.....	33.00	Covington.....	192.20
Jacksonville.....	488.00	Evanville.....	300.00	Cynthiana.....	108.00
St. Augustine.....	480.00	Fort Wayne.....	320.00	Frankfort.....	2.40
St. Petersburg.....	900.00	Goshen.....	3.90	Hopkinsville.....	21.60
Tampa.....	288.00	Greencastle.....	1.50	Lexington.....	64.80
GEORGIA.		Greensburg.....	10.60	Louisville.....	1,237.60
Atlanta.....	650.00	Huntington.....	20.00	Madisonville.....	4.80
Fitzgerald.....	36.00	Indianapolis.....	3,000.00	Mayfield.....	90.00
Gainesville.....	72.00	Kendallville.....	72.00	Mount Sterling.....	300.00
Macon.....	168.00	Kokomo.....	108.00	Newport.....	150.00
Marietta.....	4.20	La Fayette.....	190.00	Paducah.....	24.00
Rome.....	48.00	Linton.....	72.00	Paris.....	36.00
Valdosta.....	184.10	Logansport.....	52.80	LOUISIANA.	
Way Cross.....	36.00	Madison.....	36.00	Monroe.....	36.00
HAWAII.		Marion.....	36.00	New Orleans.....	2,000.00
Honolulu.....	500.00	Martinsville.....	35.67	Ruston.....	60.00
IDAHO.		Mount Vernon.....	24.00	Shreveport.....	19.20
Blackfoot.....	62.40	Muncie.....	24.00	MAINE.	
Coeur d'Alene.....	100.00	Richmond.....	24.00	Old Orchard.....	600.00
Lewiston.....	24.00	Rushville.....	60.00	Pittsfield.....	19.20
Pocatello.....	108.00	South Bend.....	96.00	Portland.....	150.00
ILLINOIS.		Sullivan.....	72.00	Rumford Falls.....	22.50
Anna.....	73.20	Terre Haute.....	15.90	Waterville.....	225.00
Aurora.....	72.00	Valparaiso.....	36.00	Westbrook.....	28.00
Batavia.....	100.00	Vincennes.....	7.20	MARYLAND.	
Bushnell.....	48.00	Wabash.....	48.00	Baltimore.....	1,600.00
Carthage.....	48.00	IOWA.		Cumberland.....	60.00
Centralia.....	9.60	Albia.....	100.00	MASSACHUSETTS.	
Chicago.....	5,700.00	Burlington.....	168.00	Amesbury.....	24.92
Clinton.....	24.00	Cedar Falls.....	16.80	Attleboro.....	36.00
Danville.....	151.50	Cedar Rapids.....	81.60	Athol.....	100.00
Dixon.....	150.30	Clarinda.....	120.00	Beverly.....	7.20
Elgin.....	600.00	Council Bluffs.....	283.60	Boston.....	27,007.80
		Creston.....	36.00	Brockton.....	830.00
		Davenport.....	200.00	Dedham.....	36.00
		Des Moines.....	96.00	Whitman.....	150.00
		Dubuque.....	72.00		
		Easton.....	24.00		
		Fairfield.....	15.10		
		Fort Madison.....	24.00		
		Independence.....	8.55		
		Iowa City.....	36.00		
		Keokuk.....	36.00		
		Le Mars.....	16.80		
		Mount Pleasant.....	36.00		

Statement of allowances to March 20, 1908, from appropriation for temporary clerk hire for current fiscal year—Continued.

	Amount.		Amount.		Amount.
MASSACHUSETTS—con.		MISSOURI.		NEW JERSEY—cont'd.	
Fall River.....	\$166.80	Carrollton.....	\$16.80	South Orange.....	\$51.60
Franklin.....	10.80	Carthage.....	111.00	Vineland.....	24.00
Gardner.....	24.00	Clinton.....	24.00	Weehawken.....	60.00
Gloucester.....	225.00	Excelsior Springs.....	150.00	West Hoboken.....	100.00
Greenfield.....	24.00	Fulton.....	14.40	Wildwood.....	500.00
Haverhill.....	48.00	Independence.....	36.00		
Holyoke.....	48.00	Kansas City.....	4,500.00	NEW MEXICO.	
Hyde Park.....	72.00	Kirksville.....	36.00	Raton.....	161.50
Lawrence.....	75.00	Lexington.....	60.00	Roswell.....	72.00
Lenox.....	180.00	Liberty.....	36.00	Silver City.....	50.00
Lynn.....	240.00	Louisiana.....	7.23		
Middleboro.....	15.83	Macon.....	36.00	NEW YORK.	
Milford.....	6.00	Maryville.....	48.00	Albany.....	300.00
Nantucket.....	225.00	Mexico.....	81.70	Albion.....	36.00
Natick.....	96.00	Moberly.....	24.00	Auburn.....	72.00
New Bedford.....	392.00	Saint Joseph.....	150.00	Babylon.....	48.00
Newburyport.....	14.40	Saint Louis.....	7,250.00	Baldwinsville.....	48.00
Newton Center.....	50.00	Trenton.....	60.00	Bay Shore.....	180.00
North Abington.....	107.40			Brookport.....	490.00
Northampton.....	40.00	MONTANA.		Brooklyn.....	630.00
Orange.....	100.00	Billings.....	240.00	Buffalo.....	3.00
Plymouth.....	300.00	Butte.....	345.13	Canajoharie.....	75.00
Quincy.....	50	Great Falls.....	60.00	Canandaigua.....	38.40
Rockland.....	20.00	Helena.....	200.00	Chautauqua.....	1,000.00
Salem.....	200.00	Livingston.....	185.00	Cohoes.....	100.00
Southbridge.....	31.40	Missoula.....	93.60	Corning.....	72.00
South Weymouth.....	15.00			Cortland.....	15.00
Springfield.....	996.00	NEBRASKA.		Cuba.....	36.00
Waltham.....	24.00	Aurora.....	54.00	Danville.....	24.00
Winchendon.....	18.00	Clay Center.....	60.00	Delhi.....	408.00
Worcester.....	300.00	Grand Island.....	100.00	Dunkirk.....	24.00
		Hastings.....	83.38	Elmira.....	140.80
MICHIGAN.		Lincoln.....	300.00	Far Rockaway.....	225.00
Adrian.....	24.00	Norfolk.....	143.10	Gloversville.....	47.02
Ann Arbor.....	30.00	Omaha.....	500.00	Hamilton.....	16.80
Battle Creek.....	24.00			Hornell.....	144.00
Big Rapids.....	120.00	NEVADA.		Ilion.....	36.00
Boys.....	16.80	Reno.....	1,259.01	Jamaica.....	24.00
Detroit.....	1,382.85			Le Roy.....	500.00
Dowagiac.....	24.00	NEW HAMPSHIRE.		Liberty.....	142.80
Flint.....	18.00	Manchester.....	84.00	Little Falls.....	15.00
Grand Rapids.....	150.00	Plymouth.....	48.00	Lockport.....	500.00
Hillsdale.....	16.80	Portsmouth.....	75.00	Long Island City.....	200.00
Houghton.....	9.00	Tilton.....	20.00	Mount Vernon.....	75.90
Ishpeming.....	60.00			New Brighton.....	80.00
Kalamazoo.....	100.00	NEW JERSEY.		New Rochelle.....	60.00
Mount Clemens.....	150.00	Asbury Park.....	1,500.00	New York.....	25,000.00
Muskegon.....	48.00	Atlantic City.....	4,200.00	Niagara Falls.....	500.00
Pontiac.....	12.00	Bayonne.....	24.00	North Cohocton.....	300.00
Saginaw.....	176.00	Belmar.....	900.00	Nyack.....	18.00
Saginaw West Side.....	90.00	Bloomfield.....	36.00	Ogdensburg.....	24.00
St. Joseph.....	2.40	Camden.....	24.00	Oneida.....	24.00
South Haven.....	300.56	East Orange.....	48.00	Ossining.....	2.40
Sturgis.....	16.80	Elizabeth.....	153.00	Oswego.....	85.60
Traverse City.....	24.00	Haddonfield.....	56.70	Peekskill.....	72.00
		Hoboken.....	96.00	Penn Yan.....	30.30
MINNESOTA.		Jersey City.....	288.00	Rochester.....	485.00
Crookston.....	4.80	Lakewood.....	48.00	Salamanca.....	4.80
Hastings.....	50.00	Lambertville.....	45.00	Schenectady.....	72.00
Hibbing.....	44.00	Long Branch.....	180.00	Stapleton.....	31.50
Mankato.....	19.20	Montclair.....	28.80	Syracuse.....	265.20
Minneapolis.....	1,357.80	Morristown.....	30.00	Tarrytown.....	135.90
St. Paul.....	1,050.00	Newark.....	1,504.80	Ticonderoga.....	36.00
Thief River Falls.....	36.00	New Brunswick.....	36.00	Tompkinsville.....	24.00
		Ocean City.....	360.00	Troy.....	163.00
MISSISSIPPI.		Ocean Grove.....	976.00	Utica.....	200.00
Biloxi.....	49.39	Orange.....	36.30	Walton.....	72.00
Columbus.....	48.00	Passaic.....	402.00	Warwick.....	100.00
Greenville.....	36.00	Paterson.....	96.00	Watertown.....	24.00
Greenwood.....	75.00	Plainfield.....	48.00	Waverly.....	72.00
Jackson.....	24.00	Ridgewood.....	24.00	Wellsville.....	16.80
Meridian.....	96.00	Rutherford.....	72.00	Whitehall.....	48.00
Natchez.....	120.00			White Plains.....	300.00
Yazoo City.....	16.43			Yonkers.....	150.00

Statement of allowances to March 20, 1908, from appropriation for temporary clerk hire for current fiscal year—Continued.

Amount.		Amount.	Amount.
NORTH CAROLINA.		PENNSYLVANIA—CON.	
Asheville	\$24.00	Blairsville	\$60.00
Greensboro	72.00	Bloomsburg	72.00
Henderson	48.00	Braddock	28.80
Hendersonville	150.00	Butler	72.00
Newbern	30.00	Cambridge Springs	125.00
Raleigh	150.00	Carbondale	14.40
Reidsville	100.00	Clearfield	24.00
Rocky Mount	100.00	Coatesville	72.00
Wilson	72.00	Connellsville	36.00
		Coraopolis	50.00
NORTH DAKOTA.		Corry	74.40
Dickinson	72.00	Danville	43.20
Fargo	36.00	Darby	14.40
Jamestown	72.00	Dubois	53.10
		Easton	36.00
OHIO.		Ellwood City	200.00
Akron	12.00	Franklin	123.33
Barberton	100.00	Greenville	200.00
Bellevue	22.80	Harrisburg	332.60
Cincinnati	2,316.00	Hazleton	29.10
Circleville	171.50	Indiana	36.00
Cleveland	1,160.50	Johnsonburg	33.60
Coshocton	24.00	Johnstown	90.60
Crestline	48.00	Kane	24.00
Dayton	1,460.00	Kittanning	24.00
Gallion	93.70	Lansdowne	14.40
Ironton	36.00	McKeesport	24.00
Kenton	24.00	Mauch Chunk	4.50
Lima	31.20	Meadville	48.00
London	30.00	Media	100.00
Massillon	60.00	Middletown	6.60
Napoleon	49.80	Montrose	7.20
Newark	181.35	Mount Carmel	16.80
Niles	36.00	New Brighton	20.00
Norwalk	116.80	New Castle	74.40
Oberlin	48.00	North East	50.00
Painesville	24.00	Oil City	50.00
Salem	20.00	Philadelphia	3,000.00
Steubenville	16.80	Philipsburg	48.00
Toledo	225.00	Phoenixville	28.80
Wauseon	50.00	Pittsburg	3,700.00
Wellston	4.80	Punxsutawney	36.00
Wooster	18.00	Reading	48.00
Xenia	12.00	Ridgway	111.50
Youngstown	75.00	Rochester	36.00
		Sayre	12.00
OKLAHOMA.		Shamokin	2.40
Alva	48.00	Sharon	18.00
Bartlesville	36.00	Tamaqua	16.80
McAlester	48.00	Tarentum	30.00
Oklahoma	300.00	Titusville	24.00
Shawnee	36.00	Uniontown	25.00
Stillwater	16.20	Warren	96.00
Tulsa	225.00	Washington	33.60
		Waynesboro	34.80
OREGON.		Wilkes-Barre	300.00
Albany	24.00	York	189.60
Corvallis	60.00		
Hood River	17.40	PORTO RICO.	
McMinnville	72.00	San Juan	16.80
Marshfield	100.00		
Medford	48.00	RHODE ISLAND.	
Oregon City	50.00	Pawtucket	28.80
Portland	1,000.00	Providence	400.00
Salem	48.00	Westerly	400.00
The Dalles	36.00	Woonsocket	117.30
PENNSYLVANIA.		SOUTH CAROLINA.	
Allegheny	200.00	Charleston	48.00
Albion	18.00	Columbia	72.00
Beaver Falls	24.00	Darlington	300.00
Bedford	36.00	Florence	30.00
Bethlehem	100.00	Georgetown	18.40
		Spartanburg	19.20
		SOUTH DAKOTA.	
		Aberdeen	\$12.00
		Deadwood	36.00
		Sioux Falls	247.45
		TENNESSEE.	
		Bristol	60.00
		Chattanooga	120.00
		Harriman	48.00
		Knoxville	100.00
		Memphis	275.00
		Morristown	72.00
		Nashville	750.00
		TEXAS.	
		Abilene	10.00
		Amarillo	144.00
		Austin	194.00
		Big Spring	225.00
		Bowie	96.00
		Brownwood	96.00
		Childress	60.00
		Cleburne	36.00
		Corpus Christi	100.00
		Dalhart	48.00
		Dallas	400.00
		Denison	100.00
		El Paso	495.30
		Fort Worth	250.00
		Galveston	72.00
		Georgetown	72.00
		Houston	144.00
		Huntsville	15.00
		Marlin	24.00
		Palestine	64.40
		Paris	36.00
		Port Arthur	30.00
		San Antonio	554.80
		San Marcos	96.00
		Temple	60.00
		Tyler	36.00
		Waco	72.00
		Weatherford	129.15
		Wichita Falls	144.00
		Yoakum	100.00
		UTAH.	
		Ogden	150.00
		Park City	36.00
		Salt Lake City	400.00
		VERMONT.	
		Montpelier	36.00
		Morrisville	20.00
		St. Albans	14.40
		St. Johnsbury	36.00
		VIRGINIA.	
		Clifton Forge	11.30
		Fredericksburg	24.00
		Hampton	38.40
		Harrisonburg	36.00
		Norfolk	601.20
		Portsmouth	48.00
		Richmond	400.00
		Roanoke	228.00
		Staunton	87.89
		WASHINGTON.	
		Ballard	36.30
		Bellingham	204.80

Statement of allowances to March 20, 1908, from appropriation for temporary clerk hire for current fiscal year—Continued.

	Amount.		Amount.		Amount.
WASHINGTON—con.		WEST VIRGINIA—con.		WISCONSIN—cont'd.	
Port Townsend.....	\$36.00	Clarksburg.....	\$72.00	Oshkosh.....	\$43.20
Seattle.....	1,950.00	Morgantown.....	36.00	Rhineland.....	36.00
Snohomish.....	34.50	Weston.....	172.00	Stevens Point.....	60.00
Spokane.....	900.00	Wheeling.....	36.00	Superior.....	28.80
Tacoma.....	504.80	WISCONSIN.		Waupaca.....	48.00
Vancouver.....	108.00	Eau Claire.....	24.00	Wauwatosa.....	225.00
Walla Walla.....	100.00	Fond du Lac.....	24.00	WYOMING.	
Wenatchee.....	48.00	Grand Rapids.....	60.00	Laramie.....	72.00
WEST VIRGINIA.		Green Bay.....	48.00	Rock Spring.....	72.00
Bluefield.....	72.00	Janesville.....	24.00	Sheridan.....	28.00
Buckhannon.....	48.00	Madison.....	28.80	Total	
Charleston.....	371.86	Merrill.....	276.00		192,485.20
Charles Town.....	51.90	Milwaukee.....	1,400.00		

Statement of allowances to March 20, 1908, from appropriation for unusual conditions for current fiscal year.

	Amount.		Amount.		Amount.
ALASKA.		ILLINOIS.		MASSACHUSETTS—con.	
Chena.....	\$300.00	Bridgeport.....	\$75.00	Brant Rock.....	\$60.00
Eagle.....	1,100.00	Petersburg.....	100.00	Buzzards Bay.....	90.00
Fairbanks.....	10,653.33	Pulaski.....	45.00	Cataumet.....	45.00
Fort Yukon.....	180.00	INDIANA.		Chatham.....	75.00
Haines.....	195.00	Gary.....	400.00	Clifton.....	60.00
Juneau.....	700.00	KANSAS.		Cotuit.....	100.00
Katalla.....	500.00	Fort Riley.....	200.00	Cushing.....	90.00
Kodiak.....	180.00	LOUISIANA.		Falmouth.....	100.00
Nome.....	7,723.33	Bogalusa.....	1,000.00	Falmouth Heights.....	40.00
Rampart.....	500.00	MAINE.		Green Harbor.....	50.00
Seward.....	700.00	Bay View.....	36.00	Hull.....	60.00
Sitka.....	240.00	Booth Bay Harbor.....	60.00	Hyannisport.....	120.00
Skagway.....	1,600.00	Bridgton.....	60.00	Lanesville.....	75.00
Unalakleet.....	250.00	Castine.....	48.00	Mattapoisett.....	90.00
Valdez.....	2,250.00	Chebeague Island.....	75.00	Monument Beach.....	75.00
CALIFORNIA.		East Sullivan.....	30.00	Nantasket.....	120.00
Avalon.....	500.00	Kennebunk Beach.....	60.00	North Falmouth.....	45.00
Capitola.....	90.00	Kittery Point.....	120.00	Oak Bluffs.....	525.00
Hot Springs.....	120.00	Northeast Harbor.....	240.00	Onset.....	400.00
Larkspur.....	25.00	North Haven.....	60.00	Osterville.....	75.00
Redondo.....	150.00	Ogunquit.....	180.00	Pocasset.....	30.00
South Pasadena.....	480.00	Orrs Island.....	75.00	Pigeon Cove.....	120.00
Venice.....	400.00	Peak Island.....	150.00	Prides Crossing.....	90.00
Yosemite.....	100.00	Phippsburg.....	50.00	Rockport.....	150.00
COLORADO.		Seal Harbor.....	135.00	Scituate.....	60.00
Green Mountain Falls.....	25.00	Seawall.....	30.00	Siasconset.....	150.00
Manitou.....	900.00	South Brostol.....	60.00	South Dartmouth.....	110.00
Wagon Wheel Gap.....	40.00	South Harpswell.....	50.00	South Essex.....	48.00
CONNECTICUT.		York.....	210.00	Surfside.....	40.00
Eagleville.....	120.00	York Beach.....	135.00	Vineyard Haven.....	75.00
FLORIDA.		MARYLAND.		Wellfleet.....	75.00
Avon Park.....	25.00	Chesapeake Beach.....	72.00	West Falmouth.....	30.00
Cocoa.....	60.00	Mountain Lake Park.....	125.00	Woods Hole.....	120.00
Fort Myers.....	75.00	Ocean City.....	150.00	MICHIGAN.	
Palm Beach.....	600.00	MASSACHUSETTS.		Bay View.....	225.00
Rock Ledge.....	75.00	Allerton.....	75.00	Harbor Springs.....	225.00
GEORGIA.		Barnstable.....	60.00	Macatawa.....	100.00
Fort Valley.....	30.00	Beverly Farms.....	180.00	Mackinac Island.....	500.00
				Ottawa Beach.....	75.00
				Watervliet.....	96.00
				Whitmore Lake.....	60.00
				NEVADA.	
				Columbia.....	300.00
				Ely.....	2,000.00
				Fallon.....	100.00

Statement of allowances to March 20, 1908, from appropriation for unusual conditions for current fiscal year—Continued.

	Amount.		Amount.		Amount.
NEVADA—continued.		NEW YORK—con.		PENNSYLVANIA—con.	
Fairview.....	\$450. 00	Hague.....	\$45. 00	Exposition.....	\$30. 00
Goldfield.....	20, 150. 00	Haines Falls.....	300. 00	Irvine.....	120. 00
Lovelocks.....	900. 00	Highmount.....	75. 00	Mount Gretna.....	90. 00
Manhattan.....	825. 00	Hunter.....	150. 00	Mount Pocono.....	150. 00
Rawhide.....	1, 225. 00	Inlet.....	75. 00	Pen Mar.....	45. 00
Rhyolite.....	3, 722. 85	Jeffersonville.....	60. 00	Perkasie.....	100. 00
Round Mountain.....	500. 00	Klamasha.....	50. 00		
Tonopah.....	7, 625. 00	Lake George.....	120. 00	RHODE ISLAND.	
Wonder.....	450. 00	Lake Huntington.....	50. 00	Block Island.....	240. 00
NEW HAMPSHIRE.		Lake Placid.....	300. 00	Jamestown.....	300. 00
		Lake Wood.....	180. 00	Narragansett Pier.....	360. 00
Bethlehem.....	150. 00	Lillydale.....	75. 00		
Bretton Woods.....	75. 00	Mohonk Lake.....	160. 00	SOUTH DAKOTA.	
Campton.....	45. 00	North White Lake.....	60. 00	Murdo.....	120. 00
Franconia.....	60. 00	Parksville.....	30. 00		
Intervale.....	80. 00	Paul Smiths.....	300. 00	TENNESSEE.	
Jackson.....	120. 00	Pinehill.....	150. 00	Jonesboro.....	100. 00
Jefferson.....	150. 00	Point Chautauqua.....	50. 00		
Lakeport.....	100. 00	Quogue.....	135. 00	VIRGINIA.	
New London.....	140. 00	Rensselaer.....	1, 900. 00	Colonial Beach.....	150. 00
Sunapee.....	180. 00	Schroon Lake.....	75. 00	Fort Myer.....	400. 00
Wolfboro.....	75. 00	Sea Cliff.....	75. 00	Jamestown.....	70. 00
NEW JERSEY.		Silver Bay.....	90. 00	National Soldiers' Home.....	100. 00
		Stamford.....	100. 00	Ocean View.....	220. 00
Allenhurst.....	270. 00	Sylvanbeach.....	150. 00	Phoebus.....	150. 00
Atlantic Highlands.....	75. 00	Tannersville.....	360. 00	Pine Beach.....	1, 790. 00
Beachhaven.....	48. 00	Thousand Island Park.....	150. 00	Virginia Beach.....	120. 00
Deal Beach.....	45. 00	Upper Saranac.....	150. 00		
Elberon.....	90. 00	Uriton.....	75. 00	WASHINGTON.	
Highlands.....	60. 00	West Hampton Beach.....	45. 00	Carson.....	60. 00
Holly Beach.....	30. 00	White Lake.....	125. 00	Iiwaco.....	60. 00
Island Heights.....	90. 00	Windham.....	75. 00	Longbeach.....	240. 00
Lake Hopatcong.....	90. 00	Wurtsboro.....	75. 00	Zilla.....	30. 00
Longport.....	80. 00	NORTH CAROLINA.		WEST VIRGINIA.	
Newfoundland.....	60. 00	Flat Rock.....	45. 00	Aurora.....	50. 00
Point Pleasant.....	100. 00	Pinehurst.....	300. 00	Sweet Springs.....	60. 00
Seabright.....	240. 00	Waynesville.....	100. 00	White Sulphur Springs.....	150. 00
Seagirt.....	360. 00				
Sea Isle City.....	50. 00	OHIO.		WISCONSIN.	
Spring Lake Beach.....	252. 00	Clyde.....	90. 00	Green Lake.....	90. 00
West End.....	400. 00	Jaybird.....	15. 00	Kilbourn.....	50. 00
NEW MEXICO.		Lakeside.....	100. 00	Williams Bay.....	50. 00
Las Vegas.....	300. 00	Put in Bay.....	240. 00		
Lordsburg.....	60. 00			WYOMING.	
NEW YORK.		OKLAHOMA.		Yellowstone Park.....	300. 00
Alexandria Bay.....	120. 00	Kiefer.....	180. 00	Total.....	96, 689. 51
Bemus Point.....	50. 00	North McAlester.....	75. 00		
Bolton Landing.....	100. 00	Sulphur.....	150. 00		
Cairo.....	150. 00				
Celoron.....	50. 00	OREGON.			
Centerville Station.....	45. 00	Newport.....	120. 00		
Clayton.....	60. 00				
East Hampton.....	135. 00	PENNSYLVANIA.			
East Quogue.....	50. 00	Blue Ridge Summit.....	75. 00		
Frontenac.....	75. 00	Delaware Water Gap.....	210. 00		

COMMITTEE ON EXPENDITURES

IN THE POST-OFFICE DEPARTMENT,

HOUSE OF REPRESENTATIVES,

Washington, D. C., Wednesday, March 25, 1908.

The committee met at 10.30 o'clock a. m.

Present: Representatives Wanger (chairman), Fairchild, and Moore.

Present; also: Charles P. Grandfield, esq., First Assistant Postmaster-General, and Charles M. Waters, esq., chief of the Division of Salaries and Allowances, Post-Office Department.

STATEMENT OF CHARLES P. GRANDFIELD—Continued.

The CHAIRMAN. Is it necessary in all cases, upon a post-office entering the second class, that there should be an assistant postmaster and at least one clerk?

Mr. GRANDFIELD. Yes; the amount of business at any second-class office, unless the conditions are exceptional, always necessitates at least one clerk besides the assistant postmaster. Occasionally we have a second-class office with no clerk other than the assistant postmaster, but such cases are extremely exceptional. I think there is only one just now. How about that, Mr. Waters?

Mr. WATERS. I recall only one. I can not tell you which office it is.

Mr. GRANDFIELD. If it is really a second-class office—that is, legitimately entitled to be a second-class office by reason of population as well as receipts—certainly it always requires one clerk and usually two, besides the assistant postmaster. Sometimes an office will be advanced to the second class on account of doing a very large business with just one firm. For instance, Floral Park, N. Y., was at one time a first-class office. The receipts were more than \$40,000, and yet the population of the place, I understand, was only about 500. Of course a case like that is exceptional, and we should not make the same allowances as at an ordinary office of the first class.

The CHAIRMAN. Does it not depend very much upon the capacity of the postmaster, and whether he gives his time for eight hours per day to the conduct of the post-office, as to how much assistance he requires?

Mr. GRANDFIELD. No; because he must have sufficient help to keep the office running in all its departments at once. For instance, he must have a mailing clerk, and somebody at the window all the time. There will be certain periods of the day when he must have at least three people in the office—two besides himself; but of course the amount of work the postmaster does himself, if he is an efficient man, relieves his clerks to that extent. I do not think it would cut down the force of clerks, however, even if the postmaster were on duty and doing the work of a clerk all the time. That is one of the questions that the inspectors report on—whether, if a postmaster devoted more time to the office, the allowance for clerical help could be reduced. We rarely get such a report—one in which the inspector says the force can be reduced. When we do get such a report we simply order the reduction and notify the postmaster why it was done. We find far more offices where the postmaster employs additional help and pays for it out of his own pocket, than we find offices where it is possible to reduce the force by requiring the postmaster to do more work.

The CHAIRMAN. In a third-class office is there any requirement that the window shall be kept open constantly?

Mr. GRANDFIELD. Oh, yes.

The CHAIRMAN. Then the conditions are almost the same—

Mr. GRANDFIELD (interrupting). Just the same.

The CHAIRMAN (continuing). In a third-class office which is below the \$8,000 of business and a second-class office having that amount of business.

Mr. GRANDFIELD. So far as the amount of work is concerned, there is not any line between them. The line is drawn when we come

to make allowances. At third-class offices we can only allow \$400, no matter how much help is needed. I believe it is \$500 now, is it not, Mr. Waters?

Mr. WATERS. It is \$500 for the two upper grades.

The CHAIRMAN. Why is it necessary to divide the post-offices into classes?

Mr. GRANDFIELD. I do not think it is necessary, except to divide them into two classes—the Presidential class and the fourth class.

The CHAIRMAN. Could not more equitable results be reached if all Presidential offices were upon a basis fixing the compensation of the postmaster and of the staff which he requires according to the volume and the character of the business?

Mr. GRANDFIELD. I should say so.

The CHAIRMAN. Would that add to or take from the work of the Department in determining allowances?

Mr. GRANDFIELD. Well, I do not think it would have very much effect. Of course, there would have to be a certain amount of discretion vested in the Department under any condition. It would not be possible to regulate the amount of allowances entirely by the gross receipts of the offices because there are so many other factors to be taken into consideration that such a method would be inequitable. I think as a general rule the more legislative restrictions are put about an appropriation the better, but there must be some discretion vested in the Department.

The CHAIRMAN. It seems inequitable that the compensation to a postmaster and his allowances should be based upon the class in which his office happens to be.

Mr. GRANDFIELD. Very.

The CHAIRMAN. Rather than upon the work that has to be done.

Mr. GRANDFIELD. That law has been the cause of more or less fraud and attempted fraud, because it is so very desirable to get an office advanced to the second class that the postmaster is tempted at least to pad the receipts by selling stamps outside of the delivery of his office. We have a great many such cases, and even the people of the town, knowing that the postmaster will have a larger clerical force and will be able to give better service, take an interest in that sort of thing.

The CHAIRMAN. They do not require any inspiration from the postmaster?

Mr. GRANDFIELD. No; but unless the postmaster is a party to the transaction, or conspiracy, or whatever it may be called, the law does not provide any penalty. Any one has a right to buy stamps where he pleases. We have a rule, however, that in case a postmaster suspects that stamps sold are to be used outside of the delivery of his office he must make inquiry, and if he ascertains that they are to be used in some other office, he is required to make a report to the Department. When that is done the stamps sold are not counted as a part of the business of his office. That rule was adopted to prevent this illegal or irregular sale of stamps. Of course it has the effect——

The CHAIRMAN. Does not the opposite condition often exist, where the business done at an office is not fully represented by the sales of stamps by the office?

Mr. GRANDFIELD. Oh, undoubtedly; and it is for that reason that we cannot base the allowances altogether on the stamp sales. Yes, the opposite condition exists frequently. Of course another thing that affects the amount of work to be done is the kind of mail handled. An office that handles a large amount of second-class mail has a great deal of work to do, but does not collect much revenue from that class of mail.

The CHAIRMAN. What are the allowances for the sale of stamps in the offices of the several classes?

Mr. GRANDFIELD. The receipts of the smallest Presidential office must be not less than \$1,900. An office becomes second class when the receipts amount to \$8,000, and first class when the receipts amount to \$40,000.

The CHAIRMAN. And the fourth-class postmaster gets no compensation for the sale of stamps?

Mr. GRANDFIELD. No; his compensation is based on the cancellations.

The CHAIRMAN. How is the compensation of the third-class postmaster affected by the sales of stamps?

Mr. GRANDFIELD. If the receipts are \$1,900 the salary is \$1,000. When the postmaster sells \$2,100 worth of stamps his salary is \$1,100, and it goes up as the receipts increase. That is the law. In a third-class office with gross receipts of \$1,900 and not exceeding \$2,100 the salary is \$1,000; with gross receipts of \$2,100 and not exceeding \$2,400 the salary is \$1,100. A difference of \$200 in stamp sales makes a difference of \$100 in the salary, you see, in the first case. Of course, as we go up in salaries the difference in receipts between the different grades is much greater.

The CHAIRMAN. The gross receipts referred to in the law are from sales of stamps alone, are they?

Mr. GRANDFIELD. No; the stamp sales, and box rents, and receipts from miscellaneous sources. They include the receipts from all business that is transacted in the post-office except the money-order business. The fees on money orders are not counted as a part of the gross receipts. You will notice that when the gross receipts amount to \$500,000 the salary is \$5,000, and that the salary goes up to \$6,000 when the receipts are \$600,000. To change the present classification, I think it would be necessary to revise that whole salary table. If we allowed all of the clerk hire required to relieve the postmaster entirely of any expense, the salaries should probably be reduced somewhat.

The CHAIRMAN. Have you thought of any practicable form of compensation for postmasters of the fourth class which would be economical, and at the same time fairly remunerate the postmasters, which would not be based on cancellations?

Mr. GRANDFIELD. I think the system of nonaccounting offices recommended in the preliminary report of the Joint Postal Commission, with certain modifications, would be satisfactory. In other words, to make the small post-offices branch offices of the larger Presidential offices, reducing the number of post-offices, so-called, to fifteen or twenty thousand, perhaps, and making the smaller offices tributary to the larger offices, and subordinate to them.

The CHAIRMAN. And have the smaller offices report to the large ones?

Mr. GRANDFIELD. Let them report, and let the postmaster be paid a fixed salary, not dependent altogether on the cancellations or the stamp sales. Of course, that would reduce the accounting very materially. As it is now there is a large force in the Auditor's office engaged exclusively on making computations as to what compensation is due each fourth-class post-office. By adopting this other plan the salary would be fixed by the Post-Office Department and the Auditor would be relieved of the expense of auditing all such accounts. They could be audited by the post-office to which the small office is tributary, just as we manage the stations now in the larger cities—branch post-offices we call them. The Auditor does not keep a separate account with the branch post-office. He only keeps an account with the main office.

Mr. FAIRCHILD. What is the method of recording the cancellations?

Mr. GRANDFIELD. The postmaster keeps a daily record of the stamps canceled. Of course there is no check on that. We must accept the postmaster's word. The only check we have is that naturally the cancellation and the stamp sales will just about balance. Where there is any marked difference the postmaster is watched, and it is possible to ascertain exactly how many stamps he does cancel by having the clerks in the railway postal cars—if the mail goes directly from the post-office to the cars—keep an account. If it goes through some other office, the other postmaster is instructed to keep an account.

Mr. FAIRCHILD. Of course, in many cases it goes out by stage routes.

Mr. GRANDFIELD. In that case it must either go to a railway post-office or to some other post-office to be separated. In any case we can keep an absolutely accurate account, except, of course, as to the one item of local mail.

The CHAIRMAN. That would probably lead to a very large increase in the total compensation for fourth-class postmasters?

Mr. GRANDFIELD. Not necessarily.

The CHAIRMAN. Would not the nearby postmaster have a more kindly feeling toward the subordinate postmaster than would be entertained—

Mr. GRANDFIELD. Yes; if we gave him the privilege of fixing the compensation arbitrarily; but we should fix the compensation at the Department in the same way we fix the compensation of these so-called contract stations in the cities, basing it on the money-order and registry transactions, and the stamp sales, too. If that plan were adopted, the fourth-class postmaster would be relieved of all the bookkeeping. He would not have any reports to make to the Auditor.

The CHAIRMAN. Would he not have to report to the postmaster to whom he was subordinate?

Mr. GRANDFIELD. The report could be much simpler than the one made to the Auditor. The postmaster could furnish him with \$100 worth of stamps and collect \$100 from him at the time of furnishing him the stamps. That would be a cash transaction, and there would be no bookkeeping necessary.

The CHAIRMAN. Touching the suggestion of the expert accountants to the joint commission on business methods, that the correspondence relating to appointments might be greatly reduced, can you conceive of any practicable method to bring about that result?

Mr. GRANDFIELD. If the system were changed as suggested by them, no doubt the correspondence could be reduced. I think the amount of correspondence, perhaps, is somewhat exaggerated by the Commission. I made several counts, and I found that the number of letters sent out, aside from printed circulars and forms, was only about 300 a day. About ten typewriters attend to all the correspondence with the 60,000 post-offices and the general public.

The CHAIRMAN. As to bonds and securities, it is suggested that your work might be reduced in connection with the verification of the sufficiency of the sureties.

Mr. GRANDFIELD. I think that is true. We have a plan in mind that will reduce the number of records that we keep and which will necessitate a slight change in the filing system. I think that is a pretty good suggestion. It is our plan to consolidate the records of the bonds and appointments.

The CHAIRMAN. And are you making any movement to reduce the number of forms of the bonds?

Mr. GRANDFIELD. No; that idea is absurd. We would save a few hundred dollars in printing at the expense of a good many thousand dollars in clerk hire. The cost of printing all the bonds is not very much, and to have to fill in on a typewriter matter that can be printed is a waste of time.

The CHAIRMAN. The extra expense in clerk hire would much exceed the saving in printing?

Mr. GRANDFIELD. Oh, very much.

(The committee thereupon took a recess until 2.30 o'clock p. m.)

AFTER. RECESS.

The committee reassembled at the expiration of the recess.

STATEMENT OF CHARLES P. GRANDFIELD— Continued.

The CHAIRMAN. Mr. Grandfield, are there any special agents or inspectors attached to the division of salaries and allowances?

Mr. GRANDFIELD. There are 10.

The CHAIRMAN. Is there any particular reason why they should be separated from the inspection force?

Mr. GRANDFIELD. Yes; there are many reasons.

The CHAIRMAN. You, then, disagree with the conclusion of the accountants?

Mr. GRANDFIELD. Yes; I think that the conclusion reached by the postal commission is based on a misconception of the duties of the special agents of the First Assistant's bureau, and of the post-office inspection force.

The CHAIRMAN. The accountants say:

The attachment of these inspectors to this division seems to involve a loss of efficiency in the service generally, as the same duties might be performed by post-office inspectors, and if these special agents were transferred to that division they would aid in increasing its efficiency.

Mr. GRANDFIELD. Well, of course, one part of that statement is true. The work could be done by the post-office inspectors, but it would not increase the efficiency of the inspectors, nor would it increase the efficiency of the service. I think it would have an opposite effect.

The CHAIRMAN. What are the particular functions of these special agents?

Mr. GRANDFIELD. They are in a sense administrative officers—the exact opposite of the post-office inspectors in that respect. They are the advisers of the First Assistant's bureau in the matter of allowances for clerk hire, etc. Their principal duty, however, is making leases for post-office quarters. They do not perform any of the duties of a post-office inspector. They do not check up a post-office or consider the accounts or anything of that sort.

They are experts in their line. They know what a post-office room should be as to size and location, and how it should be fitted up. The inspectors not having had that experience, are not qualified by their training to perform those duties. The inspectors are checking agents and instructors. Their business is to report all irregularities of any kind that they discover. Their visits are periodical, while our special agents only go to a post-office when they are sent there. We gain in time. It is true that our agents cover the same ground that the post-office inspectors do; but that would be the case if they were attached to the inspectors' division, because they could not do the work of both at the same time.

The Commission refers to a loss of time, stating that the men are idle sometimes, waiting for proposals. That is a mistake. They cover three or four times as much territory as does the ordinary inspector. Ten men cover the entire United States, while the inspectors operate within a restricted locality. There are 362 inspectors as against 10 special agents. The old system has been tried and found wanting. The present system has been tried and has produced reasonably satisfactory results. We get our reports more quickly and they are more to the point. The Government saves money, undoubtedly, by having these men.

The CHAIRMAN. Did you say they reported on the matter of allowances?

Mr. GRANDFIELD. Allowances for clerk hire, rent, etc.

The CHAIRMAN. In that respect are their duties of similar tenor to those of the inspectors?

Mr. GRANDFIELD. Well, an inspector goes to an office and finds the allowance for clerk hire out of proportion to the amount of business transacted. He reports this; he criticises. Our men do not go to an office unless they are sent there. They go there to ascertain whether a request that has been made by the postmaster for an additional allowance should be granted or not. They go to a post-office to ascertain the proper location of the office in the town, and what a suitable building will rent for; and after they find the building and get a proposition to lease it, they arrange the fittings and equipment, so as to get the best results. An inconveniently arranged post-office will cost money. For instance, when we moved into the the new Government building at Chicago, out of the temporary building on the lake front, we had to allow 100 additional clerks immediately, because the new Government building was so inconveniently arranged that it took more men to do the same amount of work. The same thing is true, of course, on a smaller scale in a small second-class office, or in a first-class office.

The CHAIRMAN. Whose fault is the inconvenient arrangement of the Chicago building?

Mr. GRANDFIELD. The construction of public buildings is under the jurisdiction of the Secretary of the Treasury. The Post-Office Department has the privilege of examining the plans for the interior arrangements, and the Treasury Department will modify the plans, of course, upon the suggestion of the Post-Office Department. That does not apply, however, to the plans of the building itself. Our function simply consists in arranging the interior fittings to the best advantage in a building after the plan of the building has been approved; while, when we rent a building, our agents look into the question in advance as to whether the room offered would be a suitable room for a post-office—whether it is possible to arrange the fixtures in it so as to get the best results.

At San Francisco, when we moved into the new Government building there, although I understand it is a magnificent structure and well adapted for a post-office, it is so inconveniently located that we had to spend more money for transporting the mail from the ferry than we had been paying as rent for the use of a large station at the ferry. So that the location of a post-office and the arrangement of the equipment is a very important matter from the standpoint of economy.

The CHAIRMAN. What reason is there why the Postmaster-General should not have the direction of the erection of post-office buildings?

Mr. GRANDFIELD. None. He certainly should have everything to say when it comes to the question of location and also to the plan of the building.

The CHAIRMAN. Ought not every post-office inspector to be a good judge of the proper arrangement of the furniture and fixtures of a post-office and of their adequacy and inadequacy?

Mr. GRANDFIELD. I think he should.

The CHAIRMAN. And is it a difficult matter to ascertain the fair rental value of buildings in any place?

Mr. GRANDFIELD. Well, as an illustration, a postmaster writes in that he has received a proposition to lease a building for the use of the post-office, equipped with everything that is necessary, at what he considers a fair rental, say at \$2,000 per annum. We send a special agent there, and he gets the proposition reduced to \$1,200. That is a saving of \$4,000 in a lease for a term of five years. I think our records will show many such examples as that.

The CHAIRMAN. But could not that same result be secured by sending any efficient inspector?

Mr. GRANDFIELD. Yes; I think it could. A few years ago there was an investigation made as to the work of these special agents by the division of post-office inspectors, and in some cases they reported that the Government was paying an extravagant rate of rent. That was reported in a few cases out of several hundred that were examined. We told the inspectors to go ahead and get a cheaper proposition, and in not one single case did they do so. Of course the work that these special agents do is subject to the review of a post-office inspector whenever he visits the office in question. Our special agents are in touch with the head of the bureau. He knows where they are every day. He can send a request for a report to-day and get a report to-morrow. That can not be done with the inspectors. Under the most favorable circumstances it usually takes a week to get a report from them because of the organization.

A request for an investigation goes first to the chief inspector. It is jacketed, and probably there is a day lost; then it goes to the inspector in charge of that particular division. There may be a day lost there before it is referred to an individual inspector for an investigation. Coming back, a report takes the same course. It is sent first to the division headquarters to be copied and recorded. Then it goes to the chief post-office inspector for the same purpose, and is then referred to the bureau officer for his consideration.

Theoretically, it would seem that one set of traveling men would be better than the present arrangement, but I have seen both systems tried, and my judgment is that the present system is very much better. Mr. Waters has had experience as a post-office inspector and also as an assistant superintendent of the salary and allowances division in the field, as one of these special agents that we are speaking about, and he is well qualified to speak on that subject. I think it would be a step backward to detach these men from the bureau of the First Assistant Postmaster-General and assign them to the chief inspector's office.

Mr. FAIRCHILD. What is the difference in compensation?

Mr. GRANDFIELD. There is really no difference. These men receive \$2,000 per annum and \$4 a day when traveling on official business. The inspectors who have similar positions receive \$1,600 or \$1,800, and \$4 per diem; but their travel is more restricted; some of them usually get back home every night. Our men are lucky if they spend one Sunday a month at their homes.

Then the inspectors also have men at \$2,000 and \$2,400, who do not receive any per diem but who are allowed actual expenses when they are traveling on official business.

The compensation is not materially different. But our men are never engaged on depredation work. An inspector may have an important lease case involving thousands of dollars on his hands, and he may be suddenly called as a witness in court 1,000 miles away. He must drop everything and attend to those duties. That necessarily interferes with the work on the lease case, for instance. Sometimes it is very important for a man to be right on the ground and to stay there until he closes a contract. Some of our contracts are very large. We rented a building in New York the other day at \$75,000 per annum. We had some of our best men on that.

Mr. FAIRCHILD. I suppose in some cases the Government has to pay excessive rents simply because it can not get the accommodations without it.

Mr. GRANDFIELD. It would seem likely, and yet I do not believe it is true. I believe that we rent buildings at rates very much less than the buildings would bring for commercial purposes.

Mr. FAIRCHILD. On the average?

Mr. GRANDFIELD. On the average; very much less. Under the law we can not pay more than \$480 for any building occupied by a third-class office; \$480 a year rent for a room 20 by 100 feet—and we have many office rooms of that size—is a low rent in a town of 4,000 or 5,000 inhabitants.

Mr. FAIRCHILD. What is the maximum rental for second-class offices?

Mr. GRANDFIELD. There is no limit.

Mr. FAIRCHILD. There you have to adapt yourself to the local conditions?

Mr. GRANDFIELD. Yes, sir; but I suppose that the average rent of a second-class office, where the postmaster's salary is \$2,100 or \$2,200, is not over \$600, including heat, light, and equipment. The equipment of a second-class office would cost from \$1,500 to \$2,500, even a small second-class office.

Mr. FAIRCHILD. The office must be equipped by the landlord?

Mr. GRANDFIELD. Yes; we do not enter into a lease unless the landlord will provide the equipment.

Mr. MOORE. You say the inspectors are allowed \$4 a day while they are traveling?

Mr. GRANDFIELD. Yes, sir.

Mr. MOORE. Do you think it would be better to have a stipulated per diem that way, or allow them the actual traveling expenses? Which would be the cheaper?

Mr. GRANDFIELD. I think the present system is the best, for it certainly is as economical as it would be to allow them the actual expenses, and it saves work. A man travels thirty days and then sends in his expense account. It would take him a day to prepare it if he had to certify to every item of expense incurred during thirty days.

Mr. FAIRCHILD. He has \$4 a day, and then extra allowances. He has \$4 a day for maintenance, does he not?

Mr. GRANDFIELD. Yes.

Mr. FAIRCHILD. And then his expenses for—

Mr. GRANDFIELD. The other expenses do not amount to very much. Very often an account will come in without a single item of expense except the jurat—the cost of swearing to it. I do not suppose the expenses, other than the per diem, of an assistant superintendent will average more than \$2 or \$3 a month.

Mr. WATERS. No. They are very small. You see most of our men do not have to get off of the railroad at all.

Mr. GRANDFIELD. No. An inspector, of course, might have to pay something for transportation by team, you know.

The CHAIRMAN. Yes.

Mr. GRANDFIELD. Where he goes to an office that is not on a railroad. In some few cases the per diem is too small.

Mr. FAIRCHILD. I should assume, however, that on an average it is large enough to perhaps more than cover it?

Mr. GRANDFIELD. Yes; I think it does on the average.

The CHAIRMAN. The accountants state that: "There is no assurance that all clerks, receiving salaries of less than \$1,200, who are required to give bond, are actually bonded." Is that correct?

Mr. GRANDFIELD. I do not believe that I agree with the conclusion reached by the postal commission that those clerks should not give bond. I am inclined to think that the regulation should be amended so as to provide that all clerks, all employees of first and second class post-offices, should give bond to the Government. We are making some inquiries about that. I have asked the opinion of the chief inspector and of the inspectors in charge of the various divisions, and the opinion of several hundred of the postmasters at the larger offices, and when that information is obtained we will take the question up with the Postmaster-General with a view to amend-

ing the regulations. All letter carriers under the present law give bond, and of course even a subordinate clerk has better opportunities to steal than the average letter carrier. For that reason I think it would be better to have all the employees bonded.

The CHAIRMAN. And the bonds renewed at stated intervals?

Mr. GRANDFIELD. Probably 99 per cent of the bonds are with surety companies, and of course the surety companies look after the renewal premium on the bonds.

The CHAIRMAN. But the accountants state:

Bonds given by surety companies are perpetual whether the premium is paid or not, and the Department receives much correspondence daily calling attention to clerks who have not paid their annual premiums. The Department has, however, no power to enforce these payments.

Mr. GRANDFIELD. Well, I think the first statement is somewhat exaggerated—"much correspondence." True, an occasional case will come up where a clerk has failed to pay the premium on his bond, and the surety company will call attention to it. We simply notify the postmaster that the clerk must pay the premium on the bond, and if he does not we instruct the postmaster to suspend him until he does. So the Department has a very effectual method of compelling the clerks to pay the premiums on the bonds.

The CHAIRMAN. It says, further:

It appears that the work in this section of the division is considerably in arrears for the want of a sufficient staff.

Mr. GRANDFIELD. That was undoubtedly true at the time that report was made. It is no longer true. I have put another clerk on the work. The work is now practically up to date. The condition, however, was not due, at any time, to lack of clerical force, but to the fact that there had been some changes made in the office by which new clerks had been put on the work and they had not become thoroughly familiar with it.

The CHAIRMAN. What criticism have you to make of the "General remarks" of the accountants as to the bureau of the First Assistant Postmaster?

Mr. GRANDFIELD. I would say that some of the criticisms on the subject of bonds are well taken, and we have profited by them already.

The CHAIRMAN. I would like to ask right there, where are the bonds filed?

Mr. GRANDFIELD. The bonds of the post-office clerks are filed in the division of salaries and allowances; the bonds of the city letter carriers in the city delivery division; and the bonds of postmasters in the division of postmasters' appointments.

The CHAIRMAN. In order to get the thing in order, where are the oaths of the clerks in post-offices filed?

Mr. WATERS. If they come here, I do not know where they go. I am sure the oaths are with the postmaster.

Mr. GRANDFIELD. The oaths of the clerks and carriers in first and second class offices are filed with the postmaster. The bonds of letter carriers are filed in the division of city delivery. The bonds and oaths of postmasters are filed in the division of postmasters' appointments.

The CHAIRMAN. Where are the oaths of clerks in third and fourth class offices filed?

Mr. GRANDFIELD. The old practice was to file them in the division of postmasters' appointments. The oath and bond of the assistant postmaster of a third-class office are filed in the division of salaries and allowances. In the case of other clerks and in the case of clerks and assistant postmasters in offices of the fourth class the oaths are retained by the postmaster.

The CHAIRMAN. Is there any good reason why they should not be filed in the Department?

Mr. GRANDFIELD. Yes; there is a good reason. In the first place, there is not any filing system in the Department that would enable us to take care of them properly. They are of no use in the Department, anyway. The postmaster is responsible for the conduct of his office and is responsible for executing the laws relating to his office. A post-office inspector goes to an office and finds a clerk there. He asks the postmaster if he is a sworn employee. The postmaster says yes. The inspector then says, "Produce his oath." If it is filed with the Department it can not be produced, and the inspector would simply have to rely upon the postmaster's statement.

The CHAIRMAN. Might it not be a good practice to have the oath taken in duplicate, one copy to be left with the postmaster and one forwarded to the Department?

Mr. GRANDFIELD. The fact that a man has not taken an oath of office does not relieve him of any responsibility. The law covers the case. He is responsible, whether or not he has executed an oath of office, under the law. At one time we did file all the oaths of assistant postmasters and clerks in offices of all kinds in the Department, and they were not properly cared for. When it became necessary to see whether we had an oath of office on file or not it was almost impossible to find it. Of course, that was due to a poor filing system; and yet the occasions when it became necessary to find out if there was an oath of office of a certain employee on file were extremely rare—not once in a thousand cases or 10,000 cases. You will notice that the expert accountants recommend that the subordinate clerks give bond to the postmaster and let the bond be on file in the office of the postmaster.

Mr. FAIRCHILD. Would you think it advisable for the postmaster himself to be responsible?

Mr. GRANDFIELD. He is responsible now.

Mr. FAIRCHILD. For the clerks?

Mr. GRANDFIELD. Yes, sir; the bond taken from the clerks is simply additional security to the Government. The law expressly stipulates that the taking of a bond from a clerk does not relieve the postmaster of any responsibility.

The CHAIRMAN. What comment have you to make about the suggestion in the third paragraph of the "General remarks?"

Mr. GRANDFIELD. On page 22?

The CHAIRMAN. Yes.

Mr. GRANDFIELD. "Division of city delivery?"

The CHAIRMAN. No.

Mr. GRANDFIELD. "General remarks?"

The CHAIRMAN. I mean under "General remarks"—"the bureau chiefs," and so forth.

Mr. GRANDFIELD. Oh.

"Many of the defects noted in the examination of the above-mentioned divisions seem to result from over centralization?"

The CHAIRMAN. I did not refer to that particularly. I referred to the second paragraph following that.

Mr. GRANDFIELD:

Every request, of even the smallest post-office, for allowances for any purpose whatever has to be made to the headquarters at Washington. Allowances are, in a large number of cases, for amounts less than \$1, and it would seem that if there were a district superintendent in the field who could pass on such matters it would save a large amount of routine work and consequent expense in the Department at Washington.

In the first place, the statement that "allowances are, in a large number of cases, for amounts less than \$1" is not a fact.

Mr. WATERS. There are very few.

Mr. GRANDFIELD. Very few. Our system of making allowances for miscellaneous expenses is to have the postmaster make application for all of the money he will need for miscellaneous expenses for the whole quarter at the beginning or shortly before the beginning of the quarter. In fact, we make him an annual allowance for miscellaneous expenditures, divided up into quarters. I suppose the majority of post-offices receive only one allowance a year for miscellaneous items. Is not that right, Mr. Waters?

Mr. WATERS. Yes.

Mr. GRANDFIELD. We authorize him to expend so much money during the year for miscellaneous expenses, quoting the items for which it is to be expended, by quarters; and it is very rare to make an allowance for a dollar or less than a dollar—extremely rare. I rather think they have confused this system of making allowances in the salary and allowances division with the system in the division of post-office supplies.

The CHAIRMAN. Now the next paragraph following that.

Mr. GRANDFIELD. The bureau chiefs appear to spend an increasing amount of their time in the mere routine work of signing formal documents and passing upon requests of various kinds for allowances, or otherwise, which could be entrusted to properly qualified officials in the field without detriment to the postal service. This point recurs at every stage of the inquiry, and appears to call for some radical change in administrative methods if, by the continual growth of the postal business, the Department is not either to lose control over the service or to exercise this control in such a perfunctory manner as to make it practically useless.

Well, we have administrative officers in the field. We have 60,000 postmasters who are administrative officers. We could not have 200 or 300 men scattered all over the country making allowances out of a fixed appropriation. As long as Congress specifies the exact amount that can be expended for any one purpose and provides a jail sentence for the officer that exceeds that appropriation, it is very necessary that some one man be absolutely in control of that appropriation. You could not have 200 or 300 men making allowances at will.

We get estimates from postmasters. They know better than any one else what they need. The administrative officer in charge knows better than anyone else how much can be allowed. Under the present organization of the post-office service I do not think that the administrative officers in the field could be used to advantage. If the system is changed, as we discussed this morning, by establishing nonaccounting offices and making them tributary to the other large offices, I think then the administrative officers in the field would be necessary. The commission in this sentence criticises the lack of administrative officers in the field, and in another sentence criticises

the fact that we have ten of them in the field now, whom they want to make new post-office inspectors. If our post-office inspectors were made administrative officers it would defeat the very purpose for which the office was created. A post-office inspector should not have any administrative duties at all to perform. He is the critic.

The CHAIRMAN. Well, your agents are largely critics, are they not?

Mr. GRANDFIELD. No; when they go to a post-office they have certain definite duties to perform. They know in advance what they are and what they go there for. Yes, of course it is the duty of every man in the postal service to become a critic. The regulations provide that he must report anything that he sees that is wrong, no matter what. If Mr. Waters should see a letter carrier on the street violating any of the regulations, it would be his duty to report it.

The CHAIRMAN. In your judgment, then, it is essential that the bureau chiefs should pass on all requests for allowances?

Mr. GRANDFIELD. Yes, sir; but not in a routine way at all. It is not done in that way now. The routine matters are not brought to the attention of the chief of the division, but only those that demand the exercise of some judgment. When it comes to accepting a proposition to lease post-office quarters for a term of years, involving an expenditure of thousands of dollars, it is eminently proper, in my judgment, that the matter should come before the chief of division and should receive his careful attention. And it is done. When it comes to the question of granting an allowance of a few dollars for buying brooms or towels or for cleaning the post-office, that is not brought to his attention now, and never has been. It is passed on by the clerk in charge of the section.

The CHAIRMAN. In your judgment, is there any occasion for or objection to a review of the action of the bureau of salaries and allowances by an independent bureau?

Mr. GRANDFIELD. No; there is a review, daily and monthly and yearly, by the post-office inspectors.

The CHAIRMAN. Take the case of the post-office at Kingman, Kans., where, according to a letter from Mr. Beavers, dated March 11, 1901, it is stated that—

the allowance for clerk hire, warranted by the business transacted, is \$60 per annum. An allowance of \$500 per annum, however, is standing to the credit of that office for that purpose.

Mr. GRANDFIELD. Every post-office inspector who failed to report that neglected his duty. He is required to report specifically at every post-office he visits, whether the allowance for clerk hire, or for any other purpose, is greater or less than the service demands.

The CHAIRMAN. Possibly there was not any inspection of that office.

Mr. GRANDFIELD. During the several years that the allowance was in operation?

The CHAIRMAN. Yes.

Mr. GRANDFIELD. They are supposed to inspect every money-order office at least once a year. Undoubtedly, that office was inspected repeatedly while that allowance was in force.

The CHAIRMAN. When an inspector reports that an office is receiving an allowance in excess of what it is entitled to, what becomes of his report?

Mr. GRANDFIELD. The report goes first to the chief post-office inspector. Then it is referred to the bureau officer.

The CHAIRMAN. Would not the safer plan be to review, in the first instance, the action of the division of salaries and allowances in indicating the allowance?

Mr. GRANDFIELD. A review by whom?

The CHAIRMAN. By somebody outside of that division——

Mr. GRANDFIELD. Of course it is reviewed——

The CHAIRMAN (continuing). From a theoretically hostile point of view?

Mr. GRANDFIELD. It is reviewed by the First Assistant Postmaster-General. He has to sign the orders and the letters.

The CHAIRMAN. But as a practical matter he has not time, has he, to go into the case?

Mr. GRANDFIELD. No; not very carefully.

The CHAIRMAN. He is almost bound by the matter as presented to him?

Mr. GRANDFIELD. Yes.

The CHAIRMAN. And if an error has been made in the division his attention is not called to it?

Mr. GRANDFIELD. No; but his attention would be called to it when the report of the inspector came in if it was a grave error. The report, instead of going directly to the division, would be referred for the personal consideration of the bureau officer. It would hardly be practicable to review the action of a division before the action had become operative.

The CHAIRMAN. While we all hope that there will be no recurrence of the irregularities which transpired a few years ago, we must recognize the possibility of the erroneous construction of the law.

Mr. GRANDFIELD. Yes; that is very true.

The CHAIRMAN. No less than the possibility of erroneous findings of fact.

Mr. GRANDFIELD. Well, the safety of the Department, in my judgment, depends largely on keeping the inspectors absolutely separate from any bureau or bureau officer. At the time these irregularities occurred the inspectors were not separated from the bureau. They were subordinate to the bureau of the Fourth Assistant Postmaster-General. They were his men, the men of a bureau officer. Now they are independent of all bureau officers. They are directly under the Postmaster-General. They are subject to his orders only. He can direct their movements, and cause an investigation of anything and everything, without the bureau officers or any bureau officer knowing anything about it.

The CHAIRMAN. But at the time the inspectors were under the Fourth Assistant Postmaster-General the division of salaries and allowances was under the First Assistant?

Mr. GRANDFIELD. Yes. The division of city delivery, however, was transferred to the Fourth Assistant's office. Then he had the administration and the inspection of the city delivery service right in his own bureau. So that by the transfer, instead of making fraud more difficult, he made it more easily possible.

The CHAIRMAN. And the retransfer of the bureau of city delivery to the First Assistant Postmaster-General you think was a good administrative measure?

Mr. GRANDFIELD. It seemed to be a logical arrangement to have the clerks and carriers under the same bureau officer.

The CHAIRMAN. Can you give the committee any suggestions toward the proper performance of its duties, as defined in rule 10, paragraph 42, of the Rules of the House of Representatives? Take them up seriatim. The first is "accounts and expenditures."

Mr. GRANDFIELD. Well, the accounting system in the bureau of the First Assistant Postmaster-General is very simple. It seems to be adequate, because we always know how we stand. So I would say that the manner of keeping the accounts is all right. The economy, justness, and correctness—

The CHAIRMAN. Well, as to expenditures—can you suggest any needless expenditures?

Mr. GRANDFIELD. No; I think we are practicing false economy in the service. There are practically no labor-saving devices in the postal service. Everything is done by hand.

The CHAIRMAN. What labor-saving devices might diminish the expenditures?

Mr. GRANDFIELD. The carrier systems which are in use in commercial establishments ought to be introduced. We should have a better time-recording device, and we ought to utilize typewriters and adding machines to a very much greater extent than we do. We ought to extend the use of canceling machines. There are about 1,200 offices now that have canceling machines out of 60,000 post-offices. In all except 1,200 the canceling and postmarking is done by hand.

The CHAIRMAN. Might there have been a diminution of the clerical force if there had been a more liberal supply of canceling machines?

Mr. GRANDFIELD. Yes; but I can not say that it would have saved the Government very much money, because in the small offices that we have discussed heretofore the clerks are paid out of the postmaster's own funds, so that a labor-saving device in that case would save money for the postmasters, but not perhaps for the Department. A modern time recorder in the post-offices of the large cities would undoubtedly save a great deal of money. We are experimenting with some now, but no matter how great a saving the test may demonstrate that their use would effect, we can only buy a very limited number, because we have a very limited appropriation. The appropriation for miscellaneous expenditures is the same now that it was ten years ago, although the service has grown very much in ten years. Each year we cut out something that we have been furnishing heretofore. We have to.

The CHAIRMAN. When you referred to carrying devices, did you mean in the Department building or in the post-offices?

Mr. GRANDFIELD. I mean in the larger post-offices. For instance, a letter is dropped in at the special-delivery window. The special-delivery boy may be several hundred feet away. That special-delivery letter is picked up and carried over to the boy. We should have a device to carry it around, the same as a cash carrier in a department store.

The CHAIRMAN. The post-office bill, as passed by the House for the next fiscal year, has an item for experimenting with mechanical devices in the city post-office here.

Mr. GRANDFIELD. Well, that is a very wise provision of the law, I think.

The CHAIRMAN. And I suppose we can await the result of that experiment?

Mr. GRANDFIELD. Yes; but the appropriation for typewriters is so small that we only furnish typewriters at offices where the receipts are \$20,000 or more. I think when the appropriation for adding machines was under the salaries and allowances division—that is, two years ago—there were 6 post-offices that had adding machines. You might say that the Postal Service is practically without any labor-saving devices, even such necessary things as typewriters.

The CHAIRMAN. Has that matter been brought to the attention of the Committee on Post-Offices?

Mr. GRANDFIELD. Not as forcibly as it might have been. This report of the postal commission calls attention to it very forcibly. I indorse everything that is said under that head.

The CHAIRMAN. What is the next?

Mr. GRANDFIELD. "The security of the Government against unjust and extravagant demands," "their conformity with appropriation laws." I do not think there is any money expended that is not in conformity with appropriation laws, and that there is a proper application of public moneys. I think the past experience has shown that there is no lack of security to the Government against unjust and extravagant demands. I do not know of a single claim that the Department has ever allowed that was unjust or extravagant. Do you, Mr. Waters?

Mr. WATERS. No, sir.

Mr. GRANDFIELD. "The enforcement of the payment of moneys due to the United States." That, of course, is a matter that comes under the Auditor. I think he has been very efficient in the past in collecting everything that was due the Government.

The economy and accountability of public officers; the abolishment of useless offices.

The CHAIRMAN. Do you know of any offices that might be dispensed with, without detriment to the service, that are subject to your bureau?

Mr. GRANDFIELD. No. Sometimes we make improvements in records used in post-offices, and in that way dispense with the services of useless clerks, or rather assign them to more useful duties. Last winter we abolished the keeping of the record of mail forwarded. I think that made a saving of a good many thousands of dollars. Of course it takes time in a large office to keep a record of all mail forwarded; and in one or two offices at least three or four clerks were engaged in that work exclusively. They were assigned to more useful duties. I suppose that would come under this head. There are other records kept in post-offices that we believe might be dispensed with, and we are making investigations along those lines, to see if we can not still further reduce such records. That is where the subject of time clocks comes in. We have many clerks employed in a number of the larger offices in keeping the time of the other employees. The time recorder we now have in use makes it very difficult to compute the time from the record made by this clock; so that I think if we get a more modern clock, or recorder, we can dispense with the services of a number of men who are now engaged in keeping the

time of the clerks. That, of course, applies only to the large offices where they have several hundred employees.

The CHAIRMAN. There is an improved time clock, is there?

Mr. GRANDFIELD. Yes. We are testing 3 now. One of them makes a complete record so that the time of 50 men can be computed almost at a glance. Any variation from the regular hours that they are scheduled to work can be seen at a glance. Of course, if a man performs full service every day in the week no record is necessary.

Mr. FAIRCHILD. Where is that clock manufactured?

Mr. GRANDFIELD. I do not know. Do you know, Mr. Waters?

Mr. WATERS. The Cincinnati clock?

Mr. GRANDFIELD. No; it is not a Cincinnati clock. It is manufactured at some place in New York State, but I am not sure where. It is being tested in the Brooklyn post-office.

The CHAIRMAN. Does that complete the list?

Mr. GRANDFIELD. "The reduction or increase of the pay of officers." Well, the Government does not pay the salaries for administrative officers that men in similar positions in commercial life enjoy. The salary of the First Assistant Postmaster-General, for instance, would, if he were working for a railroad company and occupying a position of the same importance, be much more than is paid by the Government. I think the same is true of the chiefs of divisions. A railroad official who had charge of the disbursement of \$50,000,000, as the superintendent of the division of salaries and allowances has, would be paid much more than \$4,000 per annum.

The CHAIRMAN. But the railway official would have a much wider discretion than the chief of this division, would he not?

Mr. GRANDFIELD. I do not think so. He might have fewer checks, but I doubt whether he would have more discretion. The purchasing agent of a railway who had to expend \$1,000,000 each year for the purchase of supplies would get more than \$4,000. Then, bear in mind that the salary of the superintendent of the division of salaries and allowances is the highest salary of any division chief in the postal service.

Mr. FAIRCHILD. Is it your idea that if the Government would pay the administrative officers better salaries it would get a better class of men to administer the affairs of the Government?

Mr. GRANDFIELD. I do not think there is any question about it. Look at the changes that occur amongst the higher officials of the Department.

Mr. FAIRCHILD. Then it is your idea that the business of the Government should be run more as the business of corporations is run?

Mr. GRANDFIELD. Yes.

Mr. FAIRCHILD. For instance, they are conducted carefully and economically.

Mr. GRANDFIELD. Yes. We have a new First Assistant Postmaster-General about every two years.

The CHAIRMAN. You have suggested a number of offices wherein increases of salaries might be appropriate. Now, will you tell us of a lot where there might be some decreases?

Mr. GRANDFIELD. The only persons who receive political salaries are the postmasters of the larger offices. I do not mean to say that the postmasters at the larger offices can not earn the salaries that are

paid them, because I do not think that is true. I think that the salary, if the postmaster is competent and devotes his attention to the office, is not too great.

The CHAIRMAN. Would it not be a good administrative provision to ascertain the degree in which postmasters are capable of and are actually performing the duties of their positions?

Mr. GRANDFIELD. I do not believe it is worth while as long as the present system of making appointments obtains. If we could manage the Postal Service like a railway company manages its business, by promoting an efficient agent at one point to a more important agency at another point, it would be worth while; but if we remove a postmaster at an office for lack of attention to his duties and appoint another man who knows absolutely nothing about the postal service, and who may do exactly the same thing, there is not very much to be gained by ascertaining whether the postmaster is personally competent or not. The only thing needed from our standpoint is to ascertain if the service at that particular office is well conducted. Whether that is due to the efficiency of the postmaster, of the assistant, or of the clerks, does not matter so much.

The CHAIRMAN. But from the standpoint of the taxpayers, who are the people generally, it is a very material fact whether or not an office requires several hundred dollars additional for clerk hire by reason of the inefficiency of the postmaster.

Mr. GRANDFIELD. That is true, but I do not believe we can establish anywhere that a more efficient postmaster would reduce the expenditures for clerk hire.

The CHAIRMAN. Is there anything else?

Mr. FAIRCHILD. There is nothing that I know of.

The CHAIRMAN. Does anything occur to you, Mr. Grandfield, along the line of economy and retrenchment?

Mr. GRANDFIELD. The Postmaster-General has asked the four assistants to submit a report on this postal commission's report, and no doubt when he receives that report and considers it he will communicate with you and give you the benefit of what each assistant has to say on the subject. My own experience is that it is easier to perceive the mote in the other man's eye than it is to see the one in your own. I think I could criticise some of the other bureaus of the Department much better than that of the First Assistant Postmaster-General.

Mr. FAIRCHILD. That is, you would rather do it?

Mr. GRANDFIELD. No; I think I could do it better. I think I could make criticisms that would be worth while. There is this to be said about the First Assistant's bureau. Its cost—that is, the operating expenses—in comparison with the amount of money allotted and the extent of its supervision over the service is very small. There are only 135 employees in the Bureau.

The CHAIRMAN. We will greatly appreciate any criticisms that you will offer about any of the other bureaus.

Mr. GRANDFIELD. I think you will notice that the commission has said ten words about the other bureaus where it has said one about the First Assistant's bureau. The money-order system is unnecessarily complicated. There are more clerks in the Auditor's office engaged in auditing the money-order accounts than in auditing all the other accounts put together; and of course the money-order

business is small in comparison with all of the other postal business that is transacted. Whether it can be simplified or not, I do not know.

The CHAIRMAN. Whom do you think would be the most capable men to discuss the money-order business?

Mr. GRANDFIELD. I would suggest some of the superintendents of money orders in the postal service at large—that is, the superintendent of money orders in New York, say, or in Chicago, or even in one of the smaller offices.

Mr. WATERS. The superintendent from Chicago, I should think, from what I know of the office.

Mr. GRANDFIELD. We go into a post-office and we criticise the methods there, and the criticisms are just. Now, it stands to reason that a man could come from the postal service into the Department and criticise our methods, because he has enough general knowledge of the service, while the criticisms of these expert accountants relate more especially to the accounting system and that sort of business. At least, their criticism of the accounting system, everybody says, is to the point.

STATEMENT OF CHARLES M. WATERS, CHIEF OF THE DIVISION OF SALARIES AND ALLOWANCES.

CHARLES M. WATERS, being first duly sworn by the chairman, testified as follows:

The CHAIRMAN. Mr. Waters, you are the chief of the division of salaries and allowances?

Mr. WATERS. Yes, sir.

The CHAIRMAN. And have been since when?

Mr. WATERS. March 28, 1903.

The CHAIRMAN. What position did you have prior to that?

Mr. WATERS. Just prior to that I was an assistant superintendent of the division of salaries and allowances in the field—one of the first 5 men who were appointed to that duty.

The CHAIRMAN. And how long did you hold that position?

Mr. WATERS. That was from July 1, 1901.

The CHAIRMAN. And previous to that?

Mr. WATERS. Previous to that I had been, from November until July 1, 1901, a city post-office inspector in New York. Prior to that I was about ten years a post-office inspector in the Denver, Colo., division. Prior to that I was five and one-half years in the post-office in Denver, having entered the office at the age of about 35. Up to that time I had been a mechanic.

The CHAIRMAN. What is the system of making allowances to the post-offices?

Mr. WATERS. Of any particular class?

The CHAIRMAN. Well, you might mention the classes severally.

Mr. WATERS. Take the allowance for clerk hire, for instance, at first and second class post-offices. Those are the only offices as to which we have a record of the clerks themselves. I handle each and every case myself. It is no small job. A request from a postmaster for additional clerical force or a temporary allowance is briefed on the jacket of the case. At the beginning of the fiscal year, although it is the slack portion of the year, the postmasters make use of any

additional force authorized, to permit vacations, for instance. Our vacation appropriation has been very small, only sufficient to employ substitutes in about one-sixth of the instances where clerks will be off, although the law allows each clerk who has served one year fifteen days' leave of absence. It would take six or seven times the amount of the appropriation to employ substitutes in all those cases. It is absolutely necessary in the smaller offices, where there are only three or four or five employees, to use such substitutes. In doing that many, many times it makes it unnecessary to allow an additional clerk on July 1. Then, again, if we do allow an additional clerk, the postmaster is instructed that he must make use of this additional clerk, and during the slack time let his clerks go on leave one at a time, and so on.

When a case comes to me for action on any request of a postmaster for clerk hire, I have before me the gross receipts for the four quarters ending March 31, the increase or decrease over the previous year, the assistant postmaster's salary, the number of clerks employed in the office, the average time of each clerk, and the number of clerks required to bring the average time down to the eight-hour schedule. In fact, we try to gather all the information possible to enable us to handle the case and to do justice to it, always having in mind the condition of the appropriation and the experience of previous years.

As I have said, if we took the requests of the postmasters and gave them what they asked for each year we would simply have nothing to do business on for the last eleven months of the fiscal year. So you can see the necessity of using pretty good judgment in passing on each individual case. We do not have much difficulty, either; and I think there are very few offices where the force is in excess of the real needs of the service. In fact, we have many offices that really suffer on account of the long hours and heavy work.

The CHAIRMAN. You give an average of how many hours per week to departmental work?

Mr. WATERS. Departmental work? Well, I will tell you. You mean in any individual case?

The CHAIRMAN. No; I mean in your own case.

r. WATERS. My own?

The CHAIRMAN. Yes.

Mr. WATERS. I just got out of a sick bed a short while ago. I look to be in good health now, perhaps——

The CHAIRMAN. I mean, prior to that.

Mr. WATERS. Before I was taken sick (and in fact my sickness was due to overwork) it was my practice to arrive at my office at 8 o'clock in the morning. That is an hour before anybody else arrives; and I was as busy as I knew how to be up to from 12.30 to quarter to one, when I would rush out and get my lunch, and then come back again. I would go to dinner at 7 o'clock, and generally get back to the office by 8 p. m., and draw the line at 10 o'clock. I did that month after month. I never was really sick before, but I simply had to give up. That was all. I am not doing that any more. I am now trying to throw work that is not of great importance on to some one else—that is, where the questions to be decided are not of sufficient importance to require my personal attention; but it keeps me busy every minute that I can put in comfortably.

This is a kind of a general talk, is it not?

The CHAIRMAN. Yes.

Mr. WATERS. I was assistant superintendent in the field. Doctor Grandfield, of course, never was, and I know about these things, having come into this division as I did. By the way, when Mr. Beavers went out I was telegraphed to to come in. I did not know what I was coming for. I was, from March 28 to the following January, acting superintendent. So I know and have seen the difficulties in having to refer everything for investigation to an inspector. I do not think it is possible to train 362 inspectors so that any one of those inspectors would be able to handle a lease case properly. An inspector might have the best intentions in the world. He may have a case which is, perhaps, marked for him to expedite. He is in his own district. He has to look after robberies and everything of that kind, the burning of post-offices, etc. He may just get busy with that case and receive a telegram to go off at once to another office which has been robbed or burned. There is no telling when he will get back.

The men under the First Assistant Postmaster-General do not have anything except an occasional clerk-hire case to distract their attention from lease work, and, as is necessary, can put their whole minds on it. They will find in one place something that is of especial advantage to the whole service in fitting up other post-offices, and the result is that we get uniformity in the fitting up of the post-offices. If you will go through Pennsylvania (your State, Mr. Wanger) you will find that the leased premises are a credit to the Post-Office Department. I know it. Those leases, I mean, that have been made since we have had the assistant superintendents. I know there is simply no comparison to be made with the offices provided under the former practice. The rental of post-offices and the making of leases and doing so in a business way is a big item; and to secure not only the best we can for the money, but to see that the price is reasonable, requires careful attention.

As Doctor Grandfield said, I was placed in charge of the division of salaries and allowances, and assisted in the investigation that took place, having been an inspector. In fact, I was recommended for the position of assistant by Mr. Bristow in the first place. It was suggested by Mr. Bristow, because he had known me pretty thoroughly. During the investigation anything the inspectors wanted they got. They went into our files at 5 o'clock every evening. They came in when our force went out, and they reviewed every one of the cases in which an increase for rent, fuel, and light, or for premises under lease had been made. The rent, fuel and light, and lease cases are in the same section. There were numerous cases that were criticised. Every effort was made to criticise the work of the division of salaries and allowances, as far as those cases were concerned. And as Doctor Grandfield stated, a few cases were held up for criticism. They were criticised severely.

I have been an inspector long enough to judge whether or not the criticism was proper, and where they stated that we were paying too much money, and this and that ought to have been done, I said: "This is a good case for the inspectors to improve on," and I sent it right to the chief inspector with the request that every effort be made to do better. Not in one case did they improve the condition. In one case especially where we had been a little slow because we did

not want to be "held up" we were criticised. As a matter of fact our man would not report on the case because he said he expected to get something considerably better, although it was a hard proposition. I said: "All right; I will take that case and give it to the inspector."

They put two or three inspectors on it, and before they reported one of them came to see me to talk the matter over. "Now," he says, "Mr. Waters, this is a hard proposition." I said: "I realized that when I sent it to you." He said: "What do you think we had better do? Do you think we had better advertise in this case?" I said: "If I had the case, under the same conditions that you people have, I would certainly not leave anything undone." The result was that they went on back, and I got a recommendation calling for something like \$6,000 a year. I said: "I will never approve it." The case was on my desk. The assistant superintendent who had it originally came in, and said, "Did the inspectors ever report on such and such a case?"

I replied: "The report has just come in. I can not do anything with it, and I am not going to try." He said: "There will not be any objection to my reading the report, will there?" I said: "No; they had the benefit of all your reports and statements, as to what you were trying to do and were unable to do. I think you had better have the benefit of their report." He took it and read it carefully, and said: "I do not know how you feel about it, but I believe I can do considerably better than that." (It was a case where we had little or no competition. We were dealing with a hard-fisted man, and he believed he had us.) I said: "All right, Mr. White, that was just what I was going to suggest." I gave him the case, and he spent some little time on it, and bound the thing down with iron bands so that there could be no backing out and no getting away from the contract; and he saved us \$100 a month on it.

I just speak of that case because I gave it particular attention, and I want you to know that there is the greatest care used in acting on any request. I think my knowledge of the service from the bottom up has given me an experience and a schooling that is second to that of no one I know. As I used to say, I could build a post-office from the ground up, if necessary, and equip it myself.

A great advantage is gained from the very best arrangement of a post-office. It makes a whole lot of difference, whether it is haphazard or whether we take every advantage to get full benefit of the light, and have it come from the proper direction, and provide for the postmaster, perhaps (if the office is of sufficient size), and for the necessary toilets and proper places for the lights. Then we want everything secured so that there can be no question after the lease is executed, and a lessor can not come in and say he is being imposed upon. It is all to be understood beforehand what the lessor is to furnish and what he is to do in case of necessity during the term of the lease.

The CHAIRMAN. It is practically self-evident that in a force of 10 men you can have each one of them more expert than you can have each man in a force of 362.

Mr. WATERS. There is no question about it—absolutely no question about it. We have everything systematized. We have printed lists of every possible thing that would be needed in a post-office.

That list is checked to suit each individual case, and comes with the report of the assistant superintendent. He leaves a copy with the postmaster or with the lessor, that they may know exactly what to do when notice of the acceptance of a proposal is received by them. The floor plan has been arranged. These men must know their business, you see, in order to start right in and show how the post-office screen should be laid out, planning the location of the different windows, the location of the lock boxes, and providing for exit (sometimes from the side) simply to let the people out during the one hour on Sundays and holidays when they all come. Maybe that door would not be used at all except for that purpose, but when everybody comes to the post-office in one hour, they ought to have some way to get out without doubling back. Our men also see that the rear windows are supplied with iron bars as a protection against burglars. All those little things are looked after by them, details that would be ordinarily overlooked by the average inspector.

The CHAIRMAN. But ought not the average inspector, in fact every inspector, to have a practical knowledge of the requirements of the post-office?

Mr. WATERS. Yes, sir.

The CHAIRMAN. As to the arrangements?

Mr. WATERS. Yes, sir.

The CHAIRMAN. And protection against burglary and fire?

Mr. WATERS. We should have. That is what he is there for, exactly.

The CHAIRMAN. And to report on those things in connection with the inspection?

Mr. WATERS. Yes, sir. Suppose it should happen that the office is not properly protected. The postmaster reports that there are no bars at the windows. All right. In that case we hear of it, and we call on the lessor or the postmaster to provide proper protection.

The CHAIRMAN. What training or instruction is given to inspectors after they are appointed?

Mr. WATERS. The post-office inspectors, you mean?

The CHAIRMAN. Yes, sir.

Mr. WATERS. I think it was rutable—I can not say positively as to this—but I think it used to be rutable that an inspector newly appointed would be given work in connection with some older inspector, and he would get his training in that way. It used to be the rule that the inspectors all came from the railway-mail service. That was a branch of the service which would have less opportunity to know about the workings of a post-office than any other branch of the postal service I can think of. However, that is done away with now, and they must get their instructions and information from actual experience in connection with the advice they receive from the inspector in charge and in many instances from the older inspectors with whom they work. As for as I was concerned, I was made an inspector in November, 1890, was sent out with an older inspector, and traveled with him for two days. That was all. I came back to headquarters and told the inspector in charge that I would like to “paddle my own canoe,” and I have been doing it ever since.

I found out that by reason of my having been cashier, superintendent of the money-order division, superintendent of the registry division, general delivery clerk, and having held almost every posi-

tion in the post-office, I knew more about it than he did, and I really was not getting any instruction.

The CHAIRMAN. But unfortunately most appointees lack the aptitude or the experience that you had.

Mr. WATERS. They have not had the experience; that is the idea. They have it to learn. It is a good deal like these expert accountants. They learned what they know about the service to-day while they were making the investigation. For instance, they asked this question of me. They wanted to know why it was not feasible to have an established schedule from which we could make allowances to second-class post-offices or offices of the first and second classes, and say that an office in this grade should have so many clerks. I said, "That would be unreasonable, and decidedly it would not be feasible at all." I had in mind two cases that I happened to remember, one at East Aurora, N. Y., and the other at Laredo, Tex. It happened that the East Aurora office was a 2,500-dollar office, and the Laredo, Tex., office was a 2,300-dollar office. The East Aurora office attracted my attention in handling the case, and I wondered how it was that they were able to do the business there with an assistant postmaster and one clerk. I took the opportunity to stop off there on my way to Buffalo at 6.30 o'clock in the morning. I found the clerk on duty. He was busily engaged in taking the dust off the bag rack. Just imagine that. In a few minutes the assistant came in—an old maid. A few minutes afterwards the postmaster arrived. It was not yet 7 o'clock. I found that the class of mail they handled permitted them to do the business and to do it properly. The little Philistine is published there, and such publications and other matter came into the office in such a way that the force could handle it—the postmaster, the assistant, and one clerk.

On the other hand, the Laredo, Tex., (2,300-dollar) office had 9 clerks, and a request was made for 3 more, the report of the inspectors stating the additional clerks were needed at the very earliest moment they could be authorized. Twelve clerks at the 2,300-dollar office, and 2 clerks at the 2,500-dollar office. The conditions were entirely different. Laredo, Tex., is on the Mexican border, and it has a great amount of transit mail. The work of the exchange office, money-order system, and everything of that kind, is done at Laredo, for Mexico. The larger force is absolutely necessary.

Well, they dropped that idea, and very properly. It is hard to say that there is a fixed rule for authorizing allowances in any case, because you must secure information from all sources, and combine the whole and use good judgment in passing on each and every case.

The CHAIRMAN. You have been giving an unreasonable number of hours to the performance of your duties, and have paid the penalty, or part of it at least.

Mr. WATERS. There is no question about that.

The CHAIRMAN. What change of method has been adopted to relieve you from the overwork?

Mr. WATERS. Well, for instance, the entire question of allowances to third-class post-offices (the file is not very heavy or very large for third and fourth class offices) for separating service and for regular clerk hire, I turned over to my assistant. Where he is not sure as to the proper action he brings the case to my notice for settlement. But that work, owing to the sickness of my assistant, all comes on to me

again just now, there being no provision for the employment of substitutes in the departmental service—which I think is wrong. A clerk may be absent. If he happens to be sick for sixty days there is no way to provide for him. He draws his pay up to the sixty days during each year, if he should be sick that long. Even if he is absent without pay, there is no provision, as I understand it, for employing a substitute.

The CHAIRMAN. Has it ever occurred to you that there might be a rearrangement of the inspection force to the advantage of the service, either in its efficiency or in its economy?

Mr. WATERS. Well, I do not know that I could properly make a statement on that subject. I have thought if it were decided that all the traveling men should be under the Postmaster-General, then, at least, we should not undertake to educate every inspector as to his duty. They should have their special men. You notice in the report here that the experts call attention to the fact that it takes so long to get reports in the free-delivery service. It used to take just as long for the division of salaries and allowances to get information, and that was the reason an effort was made to get these special men in the field. Since their appointment we have had no trouble of that kind. Many times I have seen requests two years old, and still no report from an inspector.

The CHAIRMAN. The inspectors might be experts in the matter of accounting, in the post-office, for instance?

Mr. WATERS. Yes, sir.

The CHAIRMAN. And have no business capacity?

Mr. WATERS. Of course. Every inspector should know enough to check up an office—up to a certain grade anyway. When it comes to the big offices no one man can do it. The large offices have sometimes as many as six inspectors to make an inspection. That is all right. But every inspector must know how to check up the smaller offices—up to good big second-class offices. I know I have been telegraphed for, even after the inspector-in-charge and another inspector were on the ground, to come and check the office up, and to find out the actual conditions. It seemed a little odd at the time, but I guess it was all right, maybe.

The CHAIRMAN. Is there any rule governing the assignment of inspectors to particular parts of the country with reference to whether they have been domiciled there previously or not?

Mr. WATERS. No. I think there is an inclination to change inspectors. I never agreed with that idea. I always claimed that the better a man was acquainted with his territory, if the inspector himself was right, the better work he could do, and more of it. It has been claimed that an inspector gets too well acquainted in his district. That may be true, but if he allows that to interfere with his official duty there is something wrong with the inspector. That is the way I always put it up.

The CHAIRMAN. But a resident of Denver who became an inspector might have a keener perception of what was due to the service in the city of Denver than an inspector somewhere else would have.

Mr. WATERS. It might be so; but as I say, if the inspector was absolutely honest in his report he could do better work in the office at Denver than a man who was utterly strange to that office. It would take the stranger longer to do it. I have inspected the Denver office a good many times, or have been one of several to inspect it. And I have been inspected, too.

The CHAIRMAN. I have no doubt the work was well done.

Mr. WATERS. I hope so.

The CHAIRMAN. But I am afraid that often it is not done nearly so well.

Mr. WATERS. You are afraid of what?

The CHAIRMAN. Afraid that it often has not been done nearly so well in other offices.

Mr. WATERS. No; of course the inspectors are all human, and they let things lead them aside, perhaps, at times. Many are tender-hearted, too tender-hearted for the business; and some are the other way. I know that we have excellent inspectors, and I know that we have some that are not so good.

The CHAIRMAN. Can you give us any light touching the possible improvement in the accounts and expenditures of the Department?

Mr. WATERS. I have no knowledge there except in my own division. I know that the experts were very much astonished to find that it required but one man and an assistant to keep tab on the appropriations of the entire service in our division. They hardly knew what to make of it. It had to be all explained to them how we were able to keep such an account. As you will note, they do not have much to say about the division of salaries and allowances. As far as any other accounts in the Department are concerned, I can not consistently say much about them.

Mr. MOORE. You say that your assistant is now doing the extra work that you did before you got sick?

Mr. WATERS. Yes. I have put considerable of it off on to my assistant; but my assistant is now sick, so I am right up against it again.

Mr. MOORE. Have you no other help in your Department?

Mr. WATERS. Yes; I have 35 clerks.

Mr. MOORE. That is what I thought.

Mr. WATERS. But the important work is that of deciding what action shall be taken in every case.

Mr. MOORE. Does he find time to do this extra work for you and to do what he was doing before?

Mr. WATERS. I have to find time to do it.

Mr. MOORE. I just wanted to see how he could afford to do the extra work that you had been doing if he was busy before that.

Mr. WATERS. If I have a good assistant, you understand, he is supposed to have the little details that would not come to me at all at his fingers' ends. Doctor Grandfield used to be my assistant, and of course certain details with regard to estimates and all those things he would have right at his fingers' ends. After he was made chief clerk to the First Assistant Mr. Bushnell came in as his successor, having had experience in some other branch of the service. About the time he began to be a little valuable to me and of some assistance he was called upstairs as chief clerk to the First Assistant. We have to do the best we can, but it needs continual and constant attention. I would not be satisfied myself with any other arrangement. I want to know, myself.

The CHAIRMAN. In your reference to the expenditure of other divisions than your own, did you mean in your statement about—I forgot the statement you made—

Mr. WATERS. The manner of keeping the accounts, was it not?

The CHAIRMAN. Yes; on that line.

Mr. WATERS. I would not have knowledge of that.

The CHAIRMAN. I wanted to know whether it was from lack of knowledge or from some feeling of delicacy.

Mr. WATERS. I would not have the means of knowing that without personally investigating it.

The CHAIRMAN. So far as your knowledge extends, have all of the expenditures been governed by economy, justness, and correctness?

Mr. WATERS. Yes, sir.

The CHAIRMAN. And in conformity with the appropriation laws?

Mr. WATERS. Yes, sir; absolutely.

The CHAIRMAN. Can you give us any suggestion touching the proper application of public moneys, or the security of the Government against unjust and extravagant demands?

Mr. WATERS. I do not see how that would apply to our division—"unjust demands." We do not have any people that make unjust demands on us, except that they may be a little excessive in asking for clerk hire or something of that kind; but we have to guard against that.

The CHAIRMAN. I would understand the word "demand" there to be a demand on account of some past service. There is not anything of that kind presented to you?

Mr. WATERS. The fact that postmasters are not supposed to make any expenditures except upon authority would make anything of that kind very rare. Where the law would not permit us to relieve an office they sometimes come into the Court of Claims and make demands for clerk hire that has been spent in order to keep up the service, when we were not in a position to relieve them. Those cases come up individually, through the Court of Claims, and generally we are asked to make statements in regard to them.

The CHAIRMAN. Can you suggest any retrenchment?

Mr. WATERS. I would not know where to begin on that.

The CHAIRMAN. Or the abolishment of any useless offices?

Mr. WATERS. In my opinion, and I think it is conceded, the Post-Office Department and the service is conducted more economically than is sometimes necessary. Of course it is a pretty hard thing to undertake to suggest—

The CHAIRMAN. Or any proper reduction in the pay of officers?

Mr. WATERS. That is what I intended to say, that it is acknowledged that as a whole the employees of the postal service are the poorest paid of any employees of the Government. I have never taken the trouble to make comparisons. In fact, as I told you, I have never had time to do it, because I confine myself to my own duties, and it is really all that I can think of or handle.

The CHAIRMAN. Are there many changes in your force of assistant superintendents, or field agents, or whatever they are called?

Mr. WATERS. The law designates them as assistant superintendents of the division of salaries and allowances, but really they are under the First Assistant Postmaster-General, and he can and does direct their movements when necessary, all letters being prepared for his signature.

The CHAIRMAN. Are there many changes in that force?

Mr. WATERS. Occasionally. We have changes generally by promotion somewhere else. It is not a real pleasant position—many do not like it. We had one man who came back into the office because he simply did not like the work. It kept him away from home, and it was not such a soft snap as he thought it would be when he went out of my division and took the place.

The CHAIRMAN. That was chiefly on account of the travel involved?

Mr. WATERS. Yes, sir; and the difficulty. It is not pleasant to go into a town and find two or three different factions in regard to the location of a post-office, and have to face them all and decide the matter in a report, and make the report such that there shall be no question about the proper course to be pursued. It is wearing on a man. Some men can stand it and others can not. I was one of the original five. The postmaster at Los Angeles (Mr. Flint), Mr. Norris, Mr. White, Mr. Gould, and myself were the original five. Then I think the number was increased a couple of years later by three, and later by two.

My impression is that we do not need any more now, unless we enlarge and give them more to do in matters that pertain directly to the bureau of the First Assistant. For instance, this last year I prepared a memorandum on this subject and sent it to the First Assistant, and I presume in time it will come out from the Postmaster-General. This year we started something which has never been done before. We had 146 new second-class post-offices coming in last July. We were unable to know how many were coming in until pretty late. I think it was the 20th day of May when we sent out a case on every one of those offices to our assistant superintendents, telling them to report as early as possible as to the needs of those offices. We instructed them not to permit the advancement of too many girls in the service or too many of the postmaster's family to be put on the roster of the Department. We got back reports in every one of those 146 cases in time to act on July 1, and those investigations were made in connection with other work. Those are the things that help us. We get the information at once. We do not have to wait for the routine and the delay which must occur if cases are sent out in the other way. It is one of the great advantages. Matters come up any minute, you know, that we need to telegraph about right straight to our men. We know where they are at this minute. They report to us every day, and for a sufficient number of days in advance, so that we know just where to communicate with them at any time.

The CHAIRMAN. Is there anything further you would like to add?

Mr. WATERS. I do not think of anything more, Mr. Chairman.

The CHAIRMAN. I am very much obliged to you for your attendance.

The committee, at 4.45 o'clock p. m., adjourned subject to the call of the chairman.

PART II

HEARINGS

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT

OF THE

HOUSE OF REPRESENTATIVES

COMMITTEE:

IRVING P. WANGER, PENNSYLVANIA, *Chairman*

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HEARINGS BEFORE THE COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT.

THE COMMITTEE ON EXPENDITURES,
IN THE POST-OFFICE DEPARTMENT,
Wednesday, April 1, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF HON. JAMES T. McCLEARY, SECOND ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. JOSEPH STEWART, SUPERINTENDENT DIVISION OF RAILWAY ADJUSTMENTS.

The CHAIRMAN. You became Second Assistant-Postmaster General when?

Mr. McCLEARY. On March 29, 1907.

The CHAIRMAN. You have read the report of the accountants which is part of the preliminary report of the joint commission on business methods in the Post-Office Department?

Mr. McCLEARY. I have.

The CHAIRMAN. Is their statement of the duties and conditions of the bureau of the Second Assistant Postmaster-General fairly correct?

Mr. McCLEARY. I think that the statement of the duties of the officials is substantially correct. That does not mean that I agree with them in what they have said regarding a reorganization of the Department. My answer relates to the statement beginning on page 22 as to the existing arrangements, the present assignment of duties. That is substantially correct.

The CHAIRMAN. Near the bottom of page 23 the statement is made that route books are duplicated two or three times. Do you regard it as practicable that that labor may be saved by original preparation of carbon copies?

Mr. McCLEARY. We do a good deal of that in other things. Our journal is made up by means of carbon copies. I mean that duplicate copies are made up by the use of carbon copies. I am not sufficiently familiar with that detail to know whether or not I can answer the question definitely, and will call on Mr. Stewart to do so.

Mr. STEWART. These route books to which reference is made on page 23 are the route books which we prepare and use in the railway adjustments division. The duplication to which they refer is the record which exists in the inspection division. Their record in that division is not an exact duplicate of our record, but it contains substantially the same data. The form is not the same in all respects. I am not just prepared to say whether our records would be entirely sufficient for their use, but I would say this: I think that without much doubt it might be possible to prepare carbon copies of our

records at the time we make them, in such a way as to assist the inspection division in compiling their records, where they need the same data; but our records differ quite a little.

The CHAIRMAN. At the top of page 24 it is stated that the railway mail service division should control the appropriation for salaries for the special mail weighers. What suggestion have you to make touching that?

Mr. McCLEARY. That refers, I suppose, to the people who have charge of the quadrennial weighing. The weighing is for the purpose of adjusting the pay to the railway companies. It is the basis upon which the division of railway adjustments makes its computation, and it would seem natural that the division of railway adjustments should have control of the people who are working to get it information. This is not railway mail service. This is ascertaining the quantum of service rendered by the railroad for the purpose of determining its pay. It is the work of the railway adjustments division and not the work of the railway mail service. Of course the two divisions work in entire harmony, because in getting the personnel of this weighing force we utilize the substitute list of the railway mail service, so far as it will serve the purpose, and then add to it whatever number of persons is necessary from our eligible list to supplement it. But the work is distinctly that of the railway adjustments division. The motive of gathering the material is to place it at the disposal of the railway adjustments division, and it has nothing to do with the operation of the railway mail service, which is the work of the railway mail service division.

The CHAIRMAN. Is the data that is gathered by the mail weighers wholly for the consideration of the adjustment division?

Mr. McCLEARY. I think it is.

Mr. STEWART. Entirely so.

The CHAIRMAN. And it is not used by the mail service division?

Mr. McCLEARY. No, sir; it has nothing to do with the operation of this service—that is, the work of the railway mail service division. It is wholly for the purpose of gathering the information upon which the pay of the railroads is to be determined for the ensuing four years. In other words, those men, for the time being, are working as the representatives of the railway adjustment division, and their report comes to that division, and it would seem natural that this matter should be under the control of that division.

The CHAIRMAN. The remark is made in the second paragraph on page 24:

It is evident that a mass of statistical information is recorded, but in collecting this data no consideration appears to have been given to its proper use, and tabulation of weights are made by men inexperienced in the use of figures and the risk of error is consequently great.

Mr. McCLEARY. That is recognized, and we have recommended to the Congress that we have a better arrangement, namely, that all the reports be turned in here at Washington and that the tabulation be done here in accordance with one system instead of there being as many systems of tabulation as there are division superintendents. This paragraph is the unconscious tribute of men who made this report to the fallacy of their own statement in the second paragraph before that; their finding fault with a thing which arises out of the fact that this tabulation is now done in the offices of the division

superintendents of railway mail service, and therefore naturally has the peculiarities of the respective division superintendents. One of the recommendations that we made to Congress this year was to have one place, and that place Washington, to which the facts should be reported and in which the tabulation should be made, for the very purpose of avoiding diversity of methods and to secure uniformity of methods and great accuracy of results.

The CHAIRMAN. How many division superintendents are there?

Mr. McCLEARY. Eleven.

The CHAIRMAN. Then you have eleven different series of tabulation?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. Is not the trouble more with the actual weighing—that is, the making up of the records for tabulation—rather than with the tabulations themselves?

Mr. McCLEARY. I think not. Of course there may be errors there. It would be more than human if there were none. But we are very careful in the selection of the men and supervise them carefully. I do not see how we could be more careful. It seems to me that the selection of the men would be conducted in the same way, whenever the tabulation was made, and I do not know any better way to select the men than the way we are doing it.

The CHAIRMAN. The weighers are engaged for how long a period?

Mr. McCLEARY. During the weighing period, which is a little over three months, about fifteen weeks. But, as I say, in regard to the way they are chosen, we first exhaust the substitute list—that is, the list of men who are in the railway mail service and who are familiar with its work, but who are not regularly employed, who are waiting permanent appointment—the men we call substitutes. We take them first, because they are the best prepared of all the people available for this exceptional work, which is to continue only a short time. We could not under present conditions have a professional force of men to do this weighing, because it comes only once in four years in a contract section; and after these men have had three months' work then they go at other things. As I have said, we first exhaust the substitute list, so far as we dare exhaust it, without endangering the operation of the railway mail service, and then we make up the rest of the list out of those who seem best fitted by character and capacity to do this work.

The CHAIRMAN. Suppose, instead of having quadrennial weighing, you had annual weighing, still dividing the country into four sections, and weighing over a period of three months, and shifting your force from one section to the other?

Mr. McCLEARY. Well, there is something to be said for that.

The CHAIRMAN. Might you not have a permanent force of weighers of superior ability?

Mr. McCLEARY. There is a good deal to be said for that. The trouble would be, as I see it now—and I think that is a new suggestion; I have not heard of it before—I should say the trouble with that would be that in some sections the railroads would get more than their due, because the weighing would come at a time when the mails are heavy, while in other sections the railroads might get less than their due because the weighing would come at a time when the mails are light. You understand, of course, that the mails vary materially at different seasons, and just offhand that is the first

objection I know to it. The difficulty might not be sufficient to outweigh the others.

The CHAIRMAN. Might not the weighings be divided so that in January you would weigh in section 1, February in section 2, March in section 3, April in section 4, May in section 1, June in section 2, and so on?

Mr. McCLEARY. Well, that is a suggestion which I think nobody has made before, Mr. Chairman, and I would not undertake to pass upon it finally without careful consideration.

The CHAIRMAN. Is it not worthy of consideration?

Mr. McCLEARY. I think it is. I think it is well worthy of consideration.

Mr. STEWART. Will you allow me to make a suggestion?

The CHAIRMAN. Certainly.

Mr. STEWART. The objection that would appear at once to our division, based upon our experience in weighing the mails, is this: There would be the liability of diverting the mails from one section to the other; at least, there would be the liability of not getting the exact average over the whole country by reason of the changed conditions which would happen from time to time. For instance, we insist on weighing every route in a section at the same time, and therefore we never grant a weighing outside of the weighing period. For the reason that postal conditions change, and mails that are once weighed on one route might be again weighed on another route, weighed later, and therefore if we weighed one section this month and the next section alongside of it next month, we might weigh the same mails twice, and we have sought to avoid that, as far as possible.

The CHAIRMAN. Still, if you are weighing for a certain period, what difference would it make whether you are weighing the same mail on different routes or whether you are weighing new mail? Each route has its volume of mail, which varies, of course.

Mr. McCLEARY. One of the things that must be constantly guarded against is the diversion of mail into a section which is being weighed, which normally would not belong there. Under our present system, we have some twenty-odd men, whom we call assistant division superintendents. Before a weighing period begins we send those men into the sections to be weighed to observe conditions and to become familiar with normal conditions. We do that some weeks before the service begins. They go up and down all the lines. Then they are in constant touch with this weighing during the period of the weighing; and at any time if anything abnormal appears, it is their duty to report it at once. And then, again, each of our railway mail clerks is supposed to make a report of anything that he knows that is abnormal. Under the present method we do not want to take away from a railroad company a pound that belongs to them, but we do not want them to get a pound that does not belong to them, and all these precautions are taken to see that we do get the exact weight.

The CHAIRMAN. The accountants also suggest that the sections be changed from what they now are to embrace the same territory into which the country is subdivided by the Interstate Commerce Commission for rate-regulation purposes. Have you considered that suggestion?

Mr. McCLEARY. Not very seriously. In the first place, Mr. Chairman, we have a great many things to do. To use the language of our distinguished Mr. Cleveland, we have "Congress on our hands," and Congress has the right to call upon us for all sorts of information and all sorts of service, which we are not only willing, but glad, to render. We have read this and have thought about it in some degree, but, as I indicated before, we have not fully weighed all the recommendations. Now, I am frank to say that I do not know what the divisions of the Interstate Commerce Commission are. I will be glad to be told what they are; but, in the first place, our system of quadrennial weighing seems to call for just four contract sections, while I think that the number of divisions recognized by the Interstate Commerce Commission is larger than that.

Mr. STEWART. Ten.

Mr. McCLEARY. Ten; so that it would seem to me out of harmony with our method of dealing with this question. That is the objection that occurs to me just offhand; that, our whole system being based upon a four-year period, it would seem natural that we should have four sections.

Mr. STEWART. Following Mr. McCleary's statement, there is a good reason why we find it advisable to have four sections. The fundamental law under which we enter into contracts for the mail service provides that a contract for mail service may not be made for more than four years, and it has been the practice for as long as I have known anything about the service to make mail contracts for four years generally. In analogy thereto and in accordance with the practice under the law requiring the mails to be weighed not less frequently than once every four years, we enter into arrangements with railroad companies to state their pay and service for four years based on these quadrennial weighings. The country is divided into four sections, which are called contract sections, the basis of those being not only the railroad service, but the star service and the wagon service, so that the sections coincide throughout the country. When we have an adjustment in the first contract section on railroad service, we will also have a letting for the star service and for the wagon service. Now, a point which no doubt entirely escaped the accountants in that connection is this: Our wagon service and sometimes our star service is intimately connected with the railroad service. For instance, preceding a weighing, say in the first section, we will restate the railroad routes in those cases where the conditions require a consolidation of short routes or where some new condition arises on routes requiring such changes. Where conditions would require a change in railroad routes, which in turn would require a restatement of them, and by restatement I mean a consolidation of two or more short routes, making it one route, or the division of a long route into two routes, it is advantageous to the Government to make the routes conform to the running of trains and railway mail service schedules.

Now, when we do that it involves messenger service and wagon service; that is to say, such changes will result in requiring the railroad companies to perform the mail messenger service in some cases where the Department has theretofore performed it, and in other cases the Department will be required to perform wagon service

where the companies have been performing it. So that it becomes necessary to issue a wagon advertisement to take up that service. Now, we issue one wagon advertisement for all these cities where we have regular four-year service in a section, and it is advantageous to include in such advertisement all such service in that contract section, otherwise we would have contracts for four years beginning this year for a number of cities in that section, and next year we would have to issue a new advertisement—which requires the issuance of a printed pamphlet, which is expensive—for those other cities which would be taken up the succeeding year. We try to avoid that. In all cases we have our wagon contracts for service in any one section begin at the same time, because it minimizes expenses and appears to be the best administration. Consequently we get out but one advertisement for each term of service in each contract section.

Mr. McCLEARY. And it minimizes expenses by minimizing the force required to handle all this in the Department.

Mr. STEWART. And in the field, too, because we never put out an advertisement of that kind without sending these same men, to whom reference has been made, out in the field to learn what the schedule should be, and to inspect the wagons and check the whole thing up before it comes into the form of a contract.

Now, another objection to their suggestion is this: That the Interstate Commerce Commission's subdivision of the country does not conform to State lines. You will find a part of one State in one of their divisions and the rest of the State in another division. That would be very confusing for us, because our railroad routes often run through the State, and we would not want to adjust a part of the route in one section and the rest of it in another section and at another time. Then, so far as I can learn, there seems to be no reason why we should conform to that subdivision, excepting for statistical purposes; that is, simply to compare the cost of railway service in section one, say, with the statistical details which the Commission has figured out with reference to those particular railroads in such section; and I think that any advantage to be gained from that can be attained by combining the whole figures. The Interstate Commerce Commission gives its important statistics for the entire country as well as for these ten sections. We have our statistics by routes, and if Congress wants to make a comparison between their statistics and ours, it is an easy matter to arrive at it by making the necessary combinations of our statistics. The disadvantages in conforming to the Interstate Commerce Commission's subdivisions are so many and would involve us in so many things that are immaterial to the postal service and the advantages are so few that the recommendation seems to me to be inadvisable.

The CHAIRMAN. Is there a record kept of the number of letters handled by railway mail clerks?

Mr. STEWART. We just make an estimate of that.

Mr. McCLEARY. Do you mean daily, all the time?

The CHAIRMAN. Yes; daily, all the time.

Mr. STEWART. No; the railway mail service makes an estimate and it is included in the annual report. There is no actual record kept by the men who handle the mail.

Mr. McCLEARY. That is one of the things we had to have this special investigation for, covering this last year, and covering four lines of inquiry. If they had to count all the letters, and so forth, their mails would be seriously delayed, and in the public interest it is not done, because whenever we desire that information we can just make it a special business for a period of time, and that will serve as an average, and then we can use that as a basis for any other computation.

The CHAIRMAN. The accountants suggest that a traffic manager having the highest qualifications and a permanent position, to devote his time to a study of the necessarily changing conditions of transportation of the mails, and secure the most economical and efficient arrangements therefor, seems to be urgently called for. What do you think of that suggestion?

Mr. McCLEARY. We have two very competent gentlemen who are doing that all the time—one who looks at it from the standpoint of cost of service, and the other who looks at it from the standpoint of performance. The one who makes a daily study of it from the standpoint of cost of service is Mr. Stewart, the head of the railway adjustment division, and the one who makes a constant study of it from the standpoint of the actual performance of the service is Mr. Grant, the head of the railway mail service. The two fields are different, each is supplementary to the other, each is helpful to the other, and I think the present arrangement is better than the arrangement suggested. If Mr. Stewart were not here, I would be glad to pay tribute to the high quality of the service he has rendered, and in the absence of Mr. Grant I can certainly, without embarrassment, speak very highly of him. They are two very capable men. These gentlemen are both in the prime of their manhood and are thoroughly devoted to their work and thoroughly capable; men old enough to have judgment and young enough to have ambition.

The CHAIRMAN. What do you think of the suggestion touching records of transportation and loading of mail, set out on page 104 and continued on page 105?

Mr. McCLEARY. Just in a general way, Mr. Chairman, I would say that the more one reads the report the more one is impressed with the feeling that it is the report of men who are strong on statistics, who are accountants, in fact, and not postal men. Now, I can easily imagine a situation in which the question of record would be a serious detriment to the efficiency of the service. In other words, while I think these gentlemen are very high-class accountants—that is, I presume they are—I think it is well for us to bear in mind, in weighing the value of their recommendation, that that is what they are. They do not profess to be postal men, acquainted with the actual operations of the postal service, and therefore it would be very easy for them to demand so much in the way of recording that the efficiency of the service would be seriously impaired.

The CHAIRMAN. Would it be practicable to secure the data which they declare advisable, except that it would greatly increase the cost?

Mr. McCLEARY. You would have to keep gathering it all the time. I think every good end can be accomplished by the periodical collection of statistics and accepting the data thus found as typical. Would you not say so, Mr. Stewart?

Mr. STEWART. Yes. I imagine the object they desire to attain by these particular statistics is some sort of permanent basis for legislation. They have suggested here the keeping of various records, as a sort of extension to our present records. Many of their suggestions are very good; if we had the force, and it was thought advisable to spend the money to have it done, it could be done.

The CHAIRMAN. For instance——

Mr. STEWART. Their recommendation here is quite complicated, Mr. Chairman. I made a report upon it for the Second Assistant Postmaster-General, and it was passed up to the Postmaster-General. I reviewed each one of these sections covering them, and will submit a memorandum.^a Most of them I found to be practicable, and I think would probably further the end which they had in view. But some of them, I think, are impracticable. For instance, their quarterly reports. They suggest here that some of this data be collected and recorded on quarterly reports, which would be impracticable. Our quadrennial weighings furnish much of this data. The best we could do would be an annual weighing and the gathering of statistics annually. Then they suggest the keeping of a record of the number of pouches carried on each of these different kinds of routes. I can not see how that could be of any value, and it would be an immense undertaking. I say, I do not see how it could be of any value as related to mail pay, because we do not have anything based on the number of pouches. We have mail pay based on weights and space and the number of pouches in which the mail is inclosed is immaterial, so far as the pay is concerned, excepting that if the mails are not economically pouched we get an extra and unnecessary weight of equipment.

Mr. McCLEARY. Is not that one of the things we are constantly on the lookout for?

Mr. STEWART. We are; and we are reducing the equipment everywhere. These same assistant superintendents which we have been speaking of travel over these routes and report on extra equipment. Those reports come into my division every day showing the cutting down of the extra equipment, and that is one of the reasons why the present adjustments are showing so much smaller increase in the amount required to carry on the service. We have been cutting down the equipment for the last six or eight years all over the country.

The CHAIRMAN. In what manner do you secure the return of pouches from recipients?

Mr. McCLEARY. You mean citizens or individuals?

The CHAIRMAN. Yes.

Mr. McCLEARY. It is the business of every postmaster to see that they are returned, and we have issued orders to our inspectors to jog the postmasters' memory every little while, and remind them that it is important for the good of the service, and to keep down the expense of the service, that citizens be required to return promptly the sacks that come to them. Of course, as a rule, sacks do not go to private citizens. They go to officials. They go to Congressmen and public officials. It is the exception where they go to citizens; but

^a See page —.

wherever they go out of the immediate current, the postmasters are warned, and warned frequently—I know that during the short time I have been connected with the Department we have brought it to their attention at least two or three times—that they must look after the equipment.

The CHAIRMAN. Congress occasionally sends out documents in pouches.

Mr. McCLEARY. Yes; a whole sack full.

The CHAIRMAN. Yes; and I wondered how the return of those pouches was provided for.

Mr. McCLEARY. The postmaster is supposed to keep track of them and advise the library or citizens to whom such shipments are made that the return of the pouches at the very earliest moment is expected. And, by the way, before we leave this subject of the reduction of the weights of equipment I would say that I have a report^a that was made to me by the chief of the division of equipment, and which I shall be glad to submit to you soon, showing what the reduction has been in recent days.

We are reducing weight in equipment in every way possible. For instance, you no doubt know the distinction between a pouch and a sack. A sack is an unlocked cloth bag in which newspapers and such things are carried, while the pouch is a locked bag, usually with some leather attached to it, in which letters and such things are carried. Now, these pouches at one time were all made of leather, and they had, you will remember, a big, heavy fastening. The leather was very heavy, and in all these weighings for adjustment they counted very heavily against the Government. Experiments were made and it was found that by providing leather tops and leather bottoms and cloth sides you secured all the strength required and a great reduction of weight.

The pouch is worn, you know, by being dragged along on the sidewalk or on the floor. Now, if the bottom is of leather, then that meets the place of wear, and it is not necessary that the sides should be of leather. Again, the fastenings on the top necessitated the use in many cases of leather, so that we had leather tops and leather bottoms, and in that way the weight of equipment has been greatly reduced. Then, too, it was found that to some post-offices there would be only a little mail in the bottom of a pouch and in such cases the weight of equipment was very large in proportion to the weight of mail. In order to meet that, we have made smaller pouches and we are trying to use them where the amount of mail to a given office is small. Again, experiments have been made with lighter canvas, to see if we can not have a sufficient strength with a lighter weight. That has been found practicable and lightening of equipment has been accomplished in that direction. And then again, Mr. Graham, the chief of the division of equipment, who is also a very capable man and thoroughly devoted to his work, has been making experiments to see whether the locks can not be made up of an aluminum composition that will secure lightness with strength. Of course aluminum is light, but it is not strong. By properly alloying it Mr. Graham is hoping to be able to make a lock that will have great lightness and yet have sufficient strength. I have simply indicated this to show

^a See page —.

that we are constantly thinking about these things and are constantly making progress in the lightening of equipment in order to save expense.

The CHAIRMAN. Would it not be entirely practicable to dispense with pouches and sacks for many purposes? Say, on an electric railway route for local offices that have little mail?

Mr. McCLEARY. And just hand out the bundle mail?

The CHAIRMAN. Use, say, tough paper envelopes.

Mr. McCLEARY. Where the mail is small?

The CHAIRMAN. Yes; use them where the weight of mail is very small, from one to a half dozen letters, say. The present practice is for trolley companies to receive sacks, throw them on the platform, and when they arrive at the place where these sacks are to be delivered to throw them off, and they are dragged from the car into the office, if they are anyways heavy; otherwise, of course, they carry them. Now, in many offices there is very little mail received, especially from other little offices, and if the trolley car had a closet or some small apartment where envelopes could be placed, and on arrival at the smaller office the envelopes for that office could be handed out, it seems to me it would save a great deal of weight and aid in the dispatch of mail matter.

Mr. McCLEARY. That is another novel suggestion. Two things occur to me just as you make the statement. In the first place, the question arises whether the supplying of a sufficient number of envelopes, a new envelope being required each time, would after all work an economy. I am not sure about that. In the second place, the sacks seem to serve as a notice that this is mail in charge of the United States Government, and not simply a piece of mail such as might be lying on your table here in private hands. The presence of the sack is visible warning that no one must trifle with it. The lock on your door would not keep a man out who was determined to come in, but it is notice to him that that room is not to be entered, and the law takes cognizance of that notice. So this sack is some sort of a covering which would be also a warning to the wayfarer that this is something in the custody of the United States, and therefore must not be interfered with. It is not his; he has no business touching it, because there is a warning not only not to take it away, but not to touch it. While an individual with an envelope might just take it up to look at it, and, having taken it up, there being nobody around, he might wander off with it. That is to say, there is not the warning about an envelope. It is a common covering. I do not mean to say that those are reasons which settle the thing, but they just occur to me now.

The CHAIRMAN. But does not the presence occasionally of some frayed and discolored sacks on a dirty car or platform, where they are tramped over and upon, detract from the respect the public ought to have for official property of the United States?

Mr. McCLEARY. Well, I should say that that goes to the piling of those sacks in that place, rather than to their being sacks at all. We have, you know, on many electric lines cars just such as you find in Washington, trailers, or we have an apartment in a larger car, just as there is an apartment on a steam car, set aside for mail purposes. We all regret that in some cases the conditions seem to impose upon us the necessity of throwing United States mail at the feet of the motor-

man. Nobody wants that, but we have not found any way to avoid it, in the condition where it is in fact operative, and we would be glad to be advised of a way to avoid it.

The CHAIRMAN. Now, let me suggest a concrete case. Between Easton and Doylestown, Pa., a few years ago, before the R. P. O. car was put on the line, residents of Riegelsville, Pa., complained to me of the inexplicable delay in transmitting mail to and receiving it from Lehnensburg. I found that a letter mailed at Riegelsville at, say, 6 o'clock in the morning passed Lehnensburg a few minutes later, there being only 3 miles possibly between the two places, and was carried to Doylestown, more than 20 miles distance; that the mail was reassorted in the Doylestown post-office and was then sent back, 22 or 23 miles, to Lehnensburg, arriving there perhaps at 11 o'clock. It was said to be impracticable to have mail transmitted from each post-office on that route to each other post-office and delivered, but it had to go all the way to the end of the line from all offices and then be reassorted and sent back to the several offices of destination. Now, I can see why you could not have these heavy sacks or pouches between each of these little offices, but it seems to me that an official envelope, which had the name of the receiving office clearly stamped upon it (and which it seems, to me, might not even be sealed—simply have the flap turned in—if the cost of a new envelope was prohibitive), might well serve the purpose, if the car had some closet arrangement where those envelopes could be placed, so that they would not be tramped under feet or be imperiled of loss, and could be handed out at each post-office or stopping point, instead of being carried beyond and sent back at a later hour.

Mr. McCLEARY. Now, as I see the picture—I do not know the place you refer to—how is it now?

The CHAIRMAN. It has an R. P. O. car now, which I hope will be retained, but which is in peril of going off. I only mention this case as an illustration. I suppose the same conditions prevail on other electric routes to some extent.

Mr. McCLEARY. It seems to me that the conditions that your statement applies to is exactly one of the things we are endeavoring to accomplish by reducing the size and the weight of the pouch where the quantity of mail is very small. I think that the permanent pouch, the distinctive covering, which is in itself a warning that this is United States property and that the contents are under the safeguard of the United States authorities, ought to remain, but that we should continue the study of how to reduce the weight of equipment in order to accomplish, among other things, the end which you have in mind; that is, a light, small sack to be put in a different place, where it could be easily reached and handed out, and which would retain the safeguard which is furnished by the distinctive equipment which is known to belong to the United States Government. A great many people who would violate a State law would hesitate to come in conflict with "Uncle Sam," and the very fact that that is distinctive post-office equipment is a deterrent of wrongdoing. And I think that safety is so valuable that it should be clung to unless there is some overmastering reason for letting go of it.

The CHAIRMAN. I agree with you perfectly, but it seems to me that an envelope very distinctly marked "Property of the United States. For official use only," and which was sealed with a seal bearing the

shield of the United States, as letters are now received, as I understand it, or sealed where they are found open in the mails, would command complete respect, and that where only a few letters are to be transmitted an envelope might answer the purpose of carriage as well as a pouch.

Mr. McCLEARY. If something distinctive could be devised which would be notice to everybody that it is something not to be trifled with and which would be strong and cheap, I do not know but what it might be used. The suggestion is well worth consideration. I will take it up with Mr. Graham and see what he thinks about it.

The CHAIRMAN. Now, was it under your Bureau that an investigation was conducted in respect to tying devices?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. You do not have a copy of the report?

Mr. McCLEARY. No, sir; but in general this is the result: I think no device was accepted as being better than the present method of tying with a cord. Some of them promise well, but the caring for them after they were separated from the package, the hanging and putting up in such condition as they would be quickly accessible, without getting tangled up among each other, and all that sort of thing, did not seem to promise expedition nor reduction of cost. Of course they were all necessarily more expensive at the beginning than the cord is, and our people have been warned to be a little more careful of the cord, and the quantity used to accomplish given results has been reduced. You see, the twine is in a ball, which is put up in one place and they take hold of the end of the cord, and are very deft at wrapping and tying, and when they come to untying they simply use a knife, and it is done. There is where the expense comes. They use the knife, and that piece of cord is no longer useful. It goes into the scrap heap; but it is so quick and the expedition of the mail is so important that on the whole it is deemed best to retain. As I recall, we did not find that there was any device adapted for that. Is not that right, Mr. Stewart?

Mr. STEWART. I was not familiar with that matter.

Mr. McCLEARY. My recollection is that no device was found on the whole to be so good as the use of the twine. We are considering the question of whether cotton twine may not be made useful and less expensive than the hemp twine and the jute. There are two objections to it. First, it seems to make the fingers of the men sore quicker than the jute, and in the second place it has more give.

The CHAIRMAN. From a casual look at the jute there seems to be a great variance in quantity of material.

Mr. McCLEARY. That is, it is thicker and heavier in some places than in others?

The CHAIRMAN. Yes; and with a better winding apparatus possibly a larger yardage could be secured with the same general strength and with less weight.

Mr. McCLEARY. Well, the waste in this matter is the waste of throwing it away when they cut a package open.

The CHAIRMAN. Would not the waste in large offices have considerable value?

Mr. McCLEARY. Possibly. The jute has less yield in it than the cotton. A package stays tied better. It holds better with this jute than it does with cotton, but it is possible that a way of twining the cotton may be devised that will obviate that objection.

The CHAIRMAN. You say that that is being considered, with a possibility of greater economy in cotton than in jute?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. There must be a great many pounds of jute string received at the New York post-office in the course of a day.

Mr. McCLEARY. Yes, sir; and at all the big post-offices. It would seem that that might be saved and reused in some way.

Mr. STEWART. There is a regulation requiring the saving of twine and waste paper, and I think it is carefully saved and sold as waste in all the large offices.

The CHAIRMAN. But possibly the buyers get the benefit rather than the Government.

Mr. McCLEARY. I am glad Mr. Stewart mentioned that, because that seems to be the best way to dispose of it yet devised. The Government having no way to handle it, it must sell it as raw material to some one that can, and it is sold by competitive bidding, so that the best price that the market can give is obtained.

Mr. STEWART. I believe in all the large offices they have an annual contract to take that material, and it is sold to the best bidder.

The CHAIRMAN. Do you know whether they get a certain rate per pound for waste, or whether the character of the waste fixes the price to be paid?

Mr. McCLEARY. It is assorted. There are different kinds of waste. For instance, there is metal; when a pouch is worn out, the metal is separated. You will find that done down here at the repair shop. It is all separated into general classes, so as to bring the best commercial results to the United States. Of course a separation which would cost more than the resulting income from it would be wasteful and not helpful, and that is not done; but they have studied it back and forth to find out where the maximum of net result to the Government is, and that is the plan now in operation.

The CHAIRMAN. Will you furnish us with an advertisement for proposals for this waste at one of the leading post-offices in the country?

Mr. McCLEARY. These post-offices, just prior to the beginning of the fiscal year, invite proposals for the disposal of waste material for one year and award the contract to the highest bidder. A bond is required. It does not appear that there is a uniform advertisement or form of contract. The supervision of the post-offices is under the First Assistant Postmaster-General. The matter of disposing of the waste material for the Department is under the supervision of the chief clerk of the Department, and I will procure and furnish for you a copy of the form^a of proposal and contract used by the Department for the disposal of waste material.

The CHAIRMAN. We will take up the subject of railway-mail service. Please explain the matter of R. P. O. cars and other cars for the transportation of mail matter, so that we will understand the distinction in compensation that is given the companies.

Mr. McCLEARY. Compensation to railways for the transportation of the mail is made in two ways. Fundamentally it is based on the weight of mail carried; that is the regular railroad mail pay. For the purpose of ascertaining the weight the United States is divided

^a See page —.

into four sections, such as we have been talking about, and an ascertainment is had covering a period of not less than ninety days in each one of these sections once in four years; based upon the weight thus ascertained and upon the law which determines how much shall be paid for weights (the law covering it specifically grading the weights below 5,000 pounds, and between 5,000 and 48,000, and above 48,000 pounds), the computation is made. First, the facts as to the weights are obtained; second, the law is applied; and that is the railroad mail pay.

Now, in order to earn that pay the railways must transport the mail. If they transport the mail in storage they get no extra pay. If they furnish a distribution car—a railway post-office car, which is a part of another car, such as you have seen with baggage in one part and a postal division in the other, what we call an apartment, less than 30 feet of space—they get no extra pay for that; that is part of what they must furnish in order to get their transportation pay. But if they furnish cars exclusively for railway post-office purposes, with facilities for distribution in transit, and those cars are not less than 40 feet long, then they are paid for such cars under the law which specifies that for a 40-foot car the rate of pay shall be \$25 per mile per annum, and ranging up to a 60-foot car, for which the pay is \$40 per mile per annum. How many of these cars and what the length of these cars shall be is one of the things determined by the division of adjustment, of which Mr. Stewart is the head. Mr. Stewart makes his calculations by the weight of mail carried, the distribution required, the number of clerks required to make it, and where such a distribution must take place. Now, for instance, we have mail sent down by the Seaboard Air Line to Florida, and we have certain mail sent down by the Southern and the Atlantic Coast Line. That mail must be separated before it gets to Washington, because this is the point of separation. Therefore we must have railway postal cars between New York and Washington, and we must have large cars and many of them so that this separation can be made by the clerks on the cars. Now, all those things must be taken into consideration by Mr. Stewart and his assistants in determining how many of these cars and the size of the cars needed. In general, that is the way in which it is done.

The CHAIRMAN. Now, there is some difference in the compensation of railway mail clerks, is there not, as to the size of the car?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. Why is that?

Mr. McCLEARY. Because the larger the car the more work there is to be done, and the more responsibility there is upon the man in charge, and the greater the skill required. He must keep in mind more post-offices and know the exact routing of more lines than if he is on a small line. For instance, in my own home district I have in mind a railway postal clerk who runs between two points on a branch line. Going on that railroad out to the end of the line, all he has to know is a few hundred post-offices that are on that and connecting lines, and such assorting is very easily done. Then when he is coming back to the main railroad or to the trunk line he just assort in a general way. He does not have to have a high order of railway mail training, and therefore in the equities of the case he is not entitled to as large pay. He is just in an apartment car. But on the

other hand, there are men on these big R. P. O. cars who must know the exact routing for ten thousand or more post-offices, and they must have it at the tip of their fingers so they can do it like lightning. It is simply a marvel, to anyone who will stop and think about it, how much work those men do. Therefore, taking these extremes to illustrate the point—the little route requiring meager information and the quality of service that can be rendered by a beginner, and the big routes with the wonderful amount of postal knowledge and ability necessary to handle the mail—you can easily see that between them there must be gradation of pay.

The CHAIRMAN. Does the law specify that, or is it a departmental rule?

Mr. STEWART. It is a departmental regulation only.

Mr. MOORE. It is a matter of fact, then, that these railway mail clerks do the same amount of work in smaller quarters, and their pay is reduced, where you substitute the apartment cars for the R. P. O. cars?

Mr. McCLEARY. Not as a rule. There may be exceptions where they do work that requires as high an order of skill; but you must have some general rule.

Mr. MOORE. This line between New Orleans and El Paso, on the Southern Pacific that passes through Texas. That question was taken up by Mr. Graham a short time ago, provided I have correct information from the newspapers.

Mr. McCLEARY. Suppose we take up your general question as to what brought all this about, because as a Representative of the district you naturally want to be able to tell them about it. There is a misunderstanding which, if cleared up, I feel sure would be satisfactory, except possibly to those who are immediately concerned, and it is pretty hard to satisfy them when they have suffered a reduction. It is human nature to have just a little bit of resentment about things like that, even when they understand it. For many years there was what was called a "special facility" train on the Southern Railway running between Washington and New Orleans, for which they received about a hundred and forty thousand dollars annually in the nature of a special subsidy.

Almost every year during all my service in Congress we had up the question whether this subsidy should be continued or not. Many of the gentlemen representing districts where the expedition of the mail was an advantage stood for it, and other gentlemen, on the general principles of being against this special method of pay, opposed it. It carried for many years, but, as you remember, a couple years ago that special-facility pay was cut out of the bill; and then, of course, the special-facility train was cut out of the service. Therefore a large quantity of mail that used to go from New York, Philadelphia, Baltimore, and Washington through by New Orleans, on account of this special-facility train, has now in the interests of the service been diverted into other channels, where it can be more expedited than it can by the ordinary trains on the "Southern." Much of the mail which formerly went that way is now sent around by Cincinnati and St. Louis and divided over many lines, where before it went on this line. Now, that is the real basis of the whole thing—the cutting off of that train. That resulted in the cutting down of mail by this line through New Orleans to Texas and the Southwest; and the cutting

down in the quantity of the mail resulted in the cutting down of the size of the cars and the pay of the men, the things complained of. It all came from the cutting off of that special-facility pay. I think that the present arrangement is preferable to the old arrangement. While it works a hardship to some of the men immediately interested (and that we are sorry for), the public interest, as a whole, is better subserved than formerly.

Mr. STEWART. The case that Mr. Moore has in mind happens to be one of those peculiar cases where they do practically the same work that they would in a 40-foot car.

Mr. McCLEARY. In the administration of the service we feel it is best to be a little conservative and not allow them a 40-foot car—which means extra pay, not only to the railroads but also to the clerks—unless it is clearly in the interest of the public to have it so.

Mr. STEWART. You may recall that the question of restating the plan on which the clerks' pay is based has been under consideration quite a long time, and Mr. Grant and his assistants have not been able to figure out yet the best plan to suggest in lieu of the present one. They recognize the inequity to the present system to some extent, although, as the Second Assistant has said, in the main it is based on good reasoning.

The CHAIRMAN. My recollection is that the accountants took issue with the present method of compensation.

Mr. STEWART. Yes, sir.

Mr. McCLEARY. I do not recall that they suggested a better way.

Mr. STEWART. No, sir; they did not.

The CHAIRMAN. There has been some delay occasioned by dispensing with the special mail train south, has there not?

Mr. McCLEARY. I fancy that between here and New Orleans there are certain mails that are not so expeditiously delivered. How is that, Mr. Stewart?

Mr. STEWART. Perhaps not, if they have to go by that route; but mails for farther points are well taken care of by way of St. Louis.

Mr. McCLEARY. I mean mails between here and New Orleans, where that train ran.

Mr. STEWART. Yes; there will be a difference in the schedule on that train, "97," as it was called. Texas is reached by other routes as well. The fact is, that special-facility mail was almost entirely through mail and went beyond New Orleans, and is now very well taken care of. Of course, the local service would note the difference in the schedule.

Mr. MOORE. Some of these railway mail clerks complained that they did the same work in smaller quarters, and that their pay was reduced.

Mr. McCLEARY. As Mr. Stewart has just said, there are a few cases where that complaint seems to have some substantial basis.

Mr. MOORE. And it struck me that that was a little injustice to the clerks if they were doing the same work for less pay.

Mr. McCLEARY. Now, Mr. Chairman, I think it is proper to say to you, in view of this being a Committee on Expenditures in the Post-Office Department, that I am encouraging, as one of the distinctive features of my administration of the office, the better acquaintance of the Department men and the outside men. I mean the men in the field and the men in the offices here. In order to do that I am asking the responsible men, like Mr. Stewart and Mr. Grant and men who are heads of the several lines of work, to take a little time and

go out and look up certain things in the field for themselves, so that they will not have the desk information alone, but the real information and knowledge that will be gained from coming in contact with the problems in the field, and seeing what the questions are. That was in my mind when Mr. Grant made his tour; and Mr. Stewart is going out every little while, and in a day or two Mr. Cook will go out. The assistant chief clerk of my office is now in San Francisco on a general tour, in order to secure the outside information which will enable him to administer the work at his desk with personal knowledge as well as with the knowledge that comes through the reports. I may say I am doing a good deal of that sort of investigation myself. I go into the postal cars and go down into the tunnels and wherever we are rendering a service, and try to get personal knowledge of it. On the other hand, I am encouraging the men in the field to come in and see us and to see what we are doing. The other day I had five of the division superintendents in the office to consult about some matters of common interest. The Congress has placed at my disposal a fund of a thousand dollars to be used for that purpose and I am using it up pretty close. I believe that that is the most useful thousand dollars in the appropriation bill to-day. I believe we get more good out of it for the service than out of any other one thousand dollars we have. Of course the gentlemen who go out from the office get their transportation free from the railway companies. They ride on what are called "traveling commissions." So there is little expense, except the expense of subsistence while they are out, and that is not a very great amount.

The CHAIRMAN. Have the results of the special weighings of the several classes of mail matter been tabulated and put in print?

Mr. McCLEARY. They are in process of tabulation and some facts we are able to give approximately, but the final report is not ready yet.

The CHAIRMAN. Can you estimate about when it will be ready?

Mr. McCLEARY. It is due the 1st of May and I am quite sure we will have it by that time.

Mr. STEWART. It is due on the 1st of May and will be submitted by that time and possibly earlier. It is now in very good shape and reaching the final condition for report form, and I would also like to say that it is going to be very satisfactory.

Mr. McCLEARY. I believe, Mr. Chairman, that that report will be found the most valuable one ever made in any country on postal matters.

The CHAIRMAN. Can you suggest any needed amendments of the law with reference to railway mail pay?

Mr. McCLEARY. That is exactly what this May 1 report is to develop—that is, we will endeavor to furnish the facts, and then Congress, in its wisdom, will work out the conclusions based upon those facts. Of course, we will be glad to be helpful wherever we can in drawing conclusions.

The CHAIRMAN. To what extent is the present method of compensation satisfactory to the railway companies?

Mr. McCLEARY. They are continually complaining that they do not get enough pay. One of the vice-presidents of one of the great roads told me not long ago that if he could, without discommoding the people along the line, get rid of carrying the mails he would rejoice in an opportunity to do it. He said, "It does not pay us, and I will show

you the figures. It does not pay us as well as first-class freight does; not only that, but it does not produce as much income per ton."

The CHAIRMAN. That is contrary to the popular view.

Mr. McCLEARY. I know it is, and I am not giving it as my judgment. I am simply giving you the statement that he gave me.

These figures in the report due May 1 are going to be very helpful, and are going to help us to reach a really just conclusion. Another gentleman, connected with the service of another line, gave me some figures a few weeks ago showing that the R. P. O. cars on his line were a source of loss and not a source of profit. Still another gentleman told me verbally about two weeks ago that he had gone over the postal service of a certain railroad system, making careful calculations and assigning to the postal transportation its fair share of the general expenses of the road, and that the result of it all was that the road lost \$160,000 a year from carrying the mails.

The first gentleman that I quoted said to me, "Mr. McCleary, I wish I could find a way, without putting the people that my road is intended to help to financial and social loss, to get rid of handling the mail. We do not want it." And there was a certain line that we were thinking of putting mail on, and he said, "I will tell you one thing; so long as we don't carry it, you will have some trouble getting that mail on our road. After you get it on we have discovered that it is a mighty hard matter to get rid of it, but until you do get it on we have something to say about it."

The CHAIRMAN. Have there been any persistent complaints by any particular railway system?

Mr. McCLEARY. There have been complaints, Mr. Chairman, along two general lines: One, relating to the fines and deductions that have been made from mail pay on account of various deficiencies—failure to get in on schedule time, or failure to connect, and a lot of things like that. Those complaints have come very largely from the western roads, roads west of Pittsburg, and especially west of Chicago, and roads south of the Ohio River. We have very few complaints from roads east of the Allegheny Mountains or north of Washington, because their lines are short and their roads are well ballasted, and they have in most cases double tracks, or more, and they are able to make their time. They are able to give fast schedules and keep up to the schedules.

Our practice heretofore has been to allow without fine half an hour margin ten times in the quarter, while at the present time such allowance is given only three times in a month. If they are delayed a few minutes, we feel that that was not because they desired to be delayed, but because they could not help it. We allow without fine thirty minutes nine times in a quarter; but if they were late more than nine times in a quarter without satisfactory explanation we fine them 20 per cent. That is, if they are late without excuse; if they can not explain it in some way satisfactory to us, then we penalize them 20 per cent of the mail-pay value of that train. That has to be figured out on how much the mail-pay value of that train is. Now, take the line running from St. Paul, Minn., to Seattle, Wash. I have forgotten the number of miles, but it is considerably more than a thousand. Half an hour margin is quite a little on a three days' run, so we have recently changed the rule to make it more equitable.

We had a conference recently at my office of representative railroad men from different parts of the country, and especially from the

West and South. And I also called in the heads of divisions, Mr. Stewart and his assistant, Mr. Porter; Mr. Grant and his assistant, Mr. Stone; Mr. Holliday, my chief clerk, and Mr. Cook, who is in charge of the division of inspection and who imposes these penalties, together with two or three other gentlemen and five of the division superintendents in the field. I had these representatives of the Department listen to the complaints made by the gentlemen representing the railroads, as to the matter of fines and penalties. Then I appointed the postal officials a committee—with Mr. Cook, who is in charge of that work, as chairman of the committee—to go into the system of fines and the excuses that could be accepted, and so forth, in the light of these complaints made by these railroads. That committee has recently made a report which is being published to-day.

The railroads have felt that we have been pretty slow in allowing R. P. O. cars; and another thing that they have complained of more especially is that we have given what is known as "half lines." You know that mail from a large city is very much heavier than mail to a large city. The mails out of Chicago, for example, are enormously heavy, while the mails into that city are perhaps not half as heavy. Now, that is a condition with which we must reckon in making all these mail adjustments and allowances for R. P. O. cars. The Department's view is that we should pay for the service which we require. The railroads' view is that we must pay for the service which we get. Now, the trouble comes over the definition of "service." When we speak of service we think of the quantity of mail carried. The railway companies think of service as the furnishing of the car. They say, "If you need a 60-foot car outward, will you please tell us some way by which we can get that car back without hauling it back, even if you don't use it fully?" They say that it costs just as much to get it back as if it were used for mail purposes. The car weighs about 120,000 pounds, and would carry, if it was well loaded, 5,000 or 6,000 pounds outward. Coming back, you carry only 1,000 pounds of mail, say; but they have to haul that 120,000 pounds of car. "In the first place," they say, "we have to furnish the car one way just as much as the other. We have to haul it both ways. We have to light it, and we have to heat it and furnish the lubricating material for keeping the wheels going. We have to do all the station service, and you ought to pay us exactly the same coming back as you do going out." They say, moreover, that the law does not recognize half lines. They say also that "the law defines the line of cars as a round trip daily—not a trip one way, but a round trip—and specifies the pay which you ought to give us at so much per mile—\$25 per mile per annum for a 40-foot car, and so on up."

There you have a conflict as to what is just and equitable. So these gentlemen at that same meeting presented their views candidly and squarely as to what was fair and right as to R. P. O. car pay. After the report on fines was made I appointed that same group of post-office officials as another committee, with Mr. Stewart as the chairman, to find an equitable basis on which to arrange R. P. O. car allowances. That report was made a few days ago.

(The committee thereupon took a recess until 2.30 o'clock p. m., the same day.)

AFTER RECESS.

At the expiration of the recess the committee resumed its session, Hon. Irving P. Wanger in the chair.

TESTIMONY OF HON. JAMES T. McCLEARY AND JOSEPH STEWART—Continued.

The CHAIRMAN. We were discussing at our adjournment the question of complaints by railroads concerning compensation.

Mr. McCLEARY. Mr. Chairman, there is another line of complaint which was suggested by your remarks during the recess, about the Long Island Railroad. This line of complaint comes from short railroads, railroads having small mileage. The most common example is the Long Island road, on Long Island, N. Y. They furnish very frequent train service between the points on Long Island. So frequent, in fact, is the service, that the mails in each train are small, and therefore there is no necessity for R. P. O. cars. They get only mail pay, based on weight of mail; the transportation pay, in other words.

Then there are other short lines that have complained to us that they can not afford to carry the mail for the regular legal rate, for the reason that the messenger service costs them so much. You understand that if a post-office is within 80 rods of the station and the company employs an agent or representative there, it is the duty of the railway company to deliver the mail at the post-office and to go to the post-office for the outgoing mail. Then, no matter whether a railroad is long or short, and no matter how far the post-office may be from the depot, the railroad is bound to prefer the terminal service—the terminal messenger service. Consequently if a little road runs up 20 miles, and the post-office at its terminus is a mile away from the station, the messenger service is very expensive in comparison with the railway mail pay.

However, this matter of messenger service is not a matter of law, but a matter of regulation; and we are seriously considering the propriety of modifying the regulations as to the pay of messenger service by these short lines where the total pay for mail transportation is small. I have in mind one company whose receipts are about \$700, and the company has to pay about \$600 for messenger service, leaving only about \$100 for the transportation of the mail. That is plainly inequitable, and yet under the law we are not authorized to pay them any more than we are now paying. The only thing we can do for them is to free them from the necessity of the messenger service; and we have under advisement now the question whether or not to make a general rule excepting roads of less than a certain length from the necessity of furnishing messenger service. The exact amendment to that rule we have not yet figured out, because there are other things so much more urgent in the administration of the office that we simply have not got to it; but between now and the 1st of July, when the new contracts begin, we will have to settle that. That is, the new contracts begin the 1st of July in the second contract session. As Mr. Stewart explained this morning, the contracts for railway-mail transportation and electric-line transportation, screen wagon and star service, and for nearly all transportation, begin at the same time.

The CHAIRMAN. The short railways to which you refer—

Mr. McCLEARY. I am referring now to short steam roads and not to electric lines. The electric lines have some little difficulties of their own. When an electric line is more than 20 miles long, the law requires that we shall pay it the same as a steam line. When it is less than 20 miles, we can pay it on a basis of its own, not to exceed 4 cents a mile for every mile traveled; that is for closed-pouch service, such service as we were speaking of this morning, when they put the closed pouch on the car and take the closed pouch away from the car. In some electric lines that they are building we are finding it desirable, in the public interest, to have the companies furnish postal cars, which are paid for in proportion to the length of the car, the maximum rate being 1 cent per foot per mile of travel.

The CHAIRMAN. That is for the car?

Mr. McCLEARY. That is for everything.

The CHAIRMAN. Including weights of mail?

Mr. McCLEARY. Yes.

The CHAIRMAN. Does the compensation which steam railways get for R. P. O. cars include the weight of the mail carried in them?

Mr. McCLEARY. No, sir.

The CHAIRMAN. It is in addition?

Mr. McCLEARY. It is in addition.

The CHAIRMAN. Why should there be a discrimination?

Mr. McCLEARY. Between the steam and electric cars?

The CHAIRMAN. Yes.

Mr. McCLEARY. The electric cars get no transportation pay except what they get in payment of its cars. The real payment to steam roads, the great payment, the thing they think of whenever they think of pay, is what they get for the transportation of the mail. The R. P. O. car is a supplemental instrumentality that has grown up in comparatively recent years. The original pay that the railroads got for carrying the mail was simply for the carrying of the mail, and it was all bulk mail. The R. P. O. car is a comparatively recent invention.

The CHAIRMAN. And the pay for it is a premium for superior accommodations?

Mr. McCLEARY. That is the idea; for the facility with which the mail is assorted in transit. Just as within the last few years we are assorting mail on a few ships in transit. Of all the hundreds of ships that ply the sea and carry the mail, there are only 16 between here and Europe on which we assort the mail in transit. We also have 5 running to the Isthmus of Panama, and I think 3 to the West Indies. This makes about 24 vessels of all the hundreds that are on the ocean where we have the mail assorted in transit. In all the others the mail is simply carried in bulk to be assorted on shore.

And so it was originally on the steam cars, when the assorting was all done in post-offices. It was a very great step onward when they devised the method of saving time by assorting in transit, and hence it came on as a special facility afforded by the railroads outside of the transportation of the mail.

The CHAIRMAN. There is an assorting on some of the cars on electric lines, is there not?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. Then, as a matter of fact, the electric lines get considerably less compensation where they run R. P. O. cars than the steam railroads get?

Mr. McCLEARY. They get just one compensation which covers everything.

The CHAIRMAN. Is that like compensation or greater compensation?

Mr. McCLEARY. Where they furnish a R. P. O. car my understanding is they have no separate pay for weight carried in that car; they get this 1 cent per mile per linear foot, which covers both the transportation of the mail and the furnishing of the facility. In other words, the electric cars have come into use at a time when this assorting in transit is an established thing, so that we take mail transportation as one thing now, instead of taking it as two things. The evolution has reached the point where we regard that as one thing instead of two things.

The CHAIRMAN. Are the electric lines paid in any instance on the basis of weights carried?

Mr. McCLEARY. All routes over 20 miles in length are weighed just the same as a steam road is weighed, and we ascertain the average daily weight on that, to adjust it in accordance with this statute which requires us to pay no more than we would pay a steam road for carrying those mails. If the rate appears to be larger than the electric-car weight, we still adjust at the electric-car rate; if it is less, we adjust at the steam-road rate.

The CHAIRMAN. How is compensation determined for electric railways more than 20 miles in length where there are weighings and where R. P. O. cars are furnished?

Mr. STEWART. These routes are weighed. The average daily weight is ascertained, and the pay is computed on the basis of the pay for weights merely, as fixed by Congress and applicable to steam railroads, and this pay is adjusted without regard to the fact that cars are used; solely on the basis of weight.

The CHAIRMAN. Then the company gets no return for carrying a R. P. O. car in those cases?

Mr. STEWART. Not in those cases. It eliminates the question of car pay entirely. You see, we can not allow them for the railway post-office car, because it is not 40 feet in length. That is the first and primary reason. It is practically an apartment car. It bears the same relation to the route that an apartment car does to the steam line, for which we do not allow any additional compensation.

The CHAIRMAN. Are there many routes on which this condition prevails?

Mr. STEWART. There are, I think, quite a number, although I could not recall at this time what the proportion is without refreshing my memory by an examination of the record.

The CHAIRMAN. In what sections of the country are there electric routes exceeding 20 miles in length?

Mr. McCLEARY. They are mainly in the Middle West and in the eastern part of the country, and a few in California, but not a great many.

The CHAIRMAN. Is it equitable to pay the same compensation for carrying mail in a storage car as for carrying it in a compartment car, where the mail is assorted en route?

Mr. STEWART. From the point of view of the railroad company, they would say yes, because they are interested in furnishing space alone; not wholly so, either, for in an apartment car they must furnish certain facilities by which the distribution is made; but outside of that it is a question of space with the company. For ourselves, an apartment car is worth very much more than storage space, very much more.

The CHAIRMAN. An apartment can carry much less in weight in mail than a storage car?

Mr. STEWART. Yes, sir; very much, because the distribution of the mail is the important thing in an apartment car, and that requires space. We can not get much mail in to distribute. You have got to have your men there, and your cases and sacks and racks, all of which take up a great amount of space in a car. We will have some very interesting figures on that when we make up our report on this special weighing, showing the average load of every size of car used in the United States.

The CHAIRMAN. Can there be any question about the fact that car service which involves considerable space for other purposes than mail matter, for which other purposes the railway company receives no compensation whatever, ought not to be much more valuable than where the like part of the like space is only used by mail matter, and other freight or express matter may be carried by the railway company in lieu of room for postal clerks and other purposes of that kind?

Mr. STEWART. It is more valuable to the Government because it serves a different, and you might say a higher, purpose, that is, the distribution of the mail; while, in the other case it serves simply a transportation purpose.

Mr. McCLEARY. I think there is no question but that having an apartment is of advantage to the Government; and as it is furnished absolutely free, it is a financial advantage to the Government.

The CHAIRMAN. Is the Long Island Railway Company carrying postal clerks?

Mr. STEWART. They have apartment-car service there, but no railway post-office cars authorized and paid for.

The CHAIRMAN. They have apartment cars which carry postal clerks who distribute en route?

Mr. STEWART. Yes.

Mr. McCLEARY. And for which space the Long Island Railroad receives no extra pay.

We are having difficulties in a number of cities in getting the electric-car lines to furnish transportation for the mail. The best transportation, I think, that we have and perhaps the most useful system, the one that most nearly serves our purposes, is in St. Louis.

I may say parenthetically that different cities have peculiarities that render different types of transportation within the city desirable; that is, what may be good in one city may not be good in another. For instance, Milwaukee and Detroit, with their broad streets, find good use for the automobile. Chicago, with its congested streets, would probably find difficulty in using the automobile. In St. Louis the electric-car service runs out very much like a fan, and the postoffice is near the apex, or the center of the semicircle.

The result is that by adjustment we can get first-rate service on the street-car line; but the street car company has threatened several times to discontinue the service. They do not care for it. It is only because they are fond of the postmaster and they really want to go out of their way to render the service. As a business proposition, they would not do it, but for the other reason they have continued it.

The CHAIRMAN. Now their service is in what form, by apartment cars, R. P. O. cars, trailers, or what?

Mr. McCLEARY. There are no trailers in any city in the United States except Washington. Wherever there is a postal car in any other city it is an independent car. In St. Louis we have a number of independent cars that run apart from the other cars. And the mail is assorted in transit, just as it is in an R. P. O. car on a steam road. We are having two cars built in Cincinnati for use on lines there.

However, I am getting off the line of your general trend of thought. You will probably take up that electric-car service later, and then I will have all these details at hand.

The CHAIRMAN. The requirement to deliver to all offices within 80 rods attaches to every contract for railway transportation of the mail, does it not?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. Is that a provision of law or a regulation?

Mr. McCLEARY. That is a regulation.

The CHAIRMAN. In some instances it is a very light burden and at other times it is very heavy?

Mr. McCLEARY. Yes. The railroad companies feel that it is a good deal of a burden in all cases, but they are not making much complaint about it. I have had only a few complaints during the year I have been in the office.

They acquiesce because it has been the practice for so long. And it is not found very burdensome except by the short roads, where the messenger service takes so large a part of the total income.

The CHAIRMAN. Would it not be a better method of compensation to have a certain fixed allowance for each post-office, based partly upon distance from the railroad, rather than to lump it in as an element?

Mr. McCLEARY. Well, that is a moot question, Mr. Chairman. There has been a great deal said about it, and I do not know that any conclusion has been reached. The railways think their contracts cover the transportation of mail and not the messenger service, and that they are really rendering that service extra.

The CHAIRMAN. The Department prior to last year construed the method of ascertaining the weight of mail carried more liberally toward the railroad companies, or many of them, than what you are now doing under Postmaster-General Meyer's orders, did it not?

Mr. McCLEARY. Yes, sir; the term "working day" was regarded as synonymous with week day, and when the mail was weighed for ninety working days it was understood that that was ninety week days, or fifteen weeks. So the divisor of the week was 6, or the divisor of the total weight was 90. Under the order of Postmaster-General Meyer the divisor now is 105, because in the fifteen weeks there are a hundred and five days, counting Sundays. Of course

the effect of that was to reduce the pay to the railways about 10 per cent.

The CHAIRMAN. Is it not a fair inference that the Post-Office Department at that time thought, if they adopted the construction of the law that they then did, that that might reasonably require delivery at offices within 80 rods and at terminals?

Mr. McCLEARY. You mean under the former construction?

The CHAIRMAN. Yes.

Mr. McCLEARY. I think that is still the view of the Department. It is still the practice, I know.

The CHAIRMAN. There must have been some persuasive reason which induced the railway companies to accept that construction without serious challenge.

Mr. McCLEARY. I presume so, Mr. Chairman. You know the rates for railway mail transportation have been reduced from time to time. Under the old rates when this practice was initiated the pay was quite generous, and I presume they did not mind doing the messenger service. But from time to time the rate has been reduced, until now, as I said this forenoon, there are many railroads that would be glad if they could, with justice to the people they serve, get rid of mail transportation altogether. At least, they so declare.

The CHAIRMAN. The accountants say in paragraph e, page 107:

The number of days in the present weighing period is not calculated to give a correct average daily weight, owing to the fact that the period includes three and one-half months; and inasmuch as the bulk of second-class mail moves during the last ten days of a month, the half month must necessarily disturb the daily average. A period should be adopted consisting of complete months and preferably also of complete weeks.

Do you think there is any point in that suggestion?

Mr. McCLEARY. I think there is a little. It is true that the monthly magazines go out toward the close of a month, so that they may reach their destination about the 1st of the month, or slightly before that. Therefore, after the beginning of a month there is a falling off in the weight of mail, so far as the magazines are concerned. As to the suggestion about the weeks, I think that is not so important, although the weekly papers are usually published on Thursdays or Fridays, and at the end of the week the weights of mail carried are undoubtedly heavier than at the beginning of the week. They suggest somewhere that the mail weighing begin on the 1st of the month. That might come on Sunday, and it might be practically unwise to begin it on that day. But there is some wisdom in that statement that it should be for even months. We could do that by having just ninety days. The law says "not less than" ninety days, and that would be just three months.

The CHAIRMAN. Is there any uniformity in the beginning of periods of weighing?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. How is that determined?

Mr. McCLEARY. By the Second Assistant Postmaster-General; that is, the time is fixed by him. The idea is to give to the railway companies as near as possible a fair average haul. There are seasons of the year when the mails are very heavy. There are other seasons when the mails are very light. Manifestly, it would not be just to select either of those seasons as the one for the weighing period,

because one would be unjust to the Government and the other would be unjust to the railroad: The light season begins with the coming on of summer, about the 1st of May, or approximately that. The heavy season is December, when the Christmas presents are being sent out, and all such things as that.

Here is a table giving the lengths of the weighing periods and the dates of beginning since 1894:

Weighing periods.

Year.	Contract section.	Period.	From—
1894	Fourth.....	30 days.....	Apr. 15, 1894
1895	Third.....	30 days.....	Apr. 1, 1895
1896	Second.....	30 days.....	Feb. 26, 1896
1896	First (New England States)	30 days.....	Oct. 7, 1896
1897	First (residue).....	30 days.....	Mar. 17, 1897
1898	Fourth.....	30 days.....	Apr. 5, 1898
1899	Third.....	30 days.....	Apr. 4, 1899
1900	Second.....	48 working days.....	Feb. 20, 1900
1900	First (New England States)	48 working days.....	Sept. 26, 1900
1901	First (residue).....	42 working days.....	Feb. 20, 1901
1902	Fourth.....	72 working days.....	Mar. 4, 1902
1903	Third.....	60 working days.....	Mar. 4, 1903
1904	Second.....	72 working days.....	Feb. 17, 1904
1904	First (New England States)	60 working days.....	Sept. 13, 1904
1905	First (residue).....	78 working days.....	Feb. 14, 1905
1906	Fourth.....	49 working days.....	Feb. 20, 1906
1907	Third.....	105 days.....	Feb. 20, 1907

This year the weighing was ordered to begin on the 11th of February, and it will run fifteen weeks—from the 11th of February to May 25. As near as we could ascertain, that would give the railroads a fair average haul.

By the way, if you will permit a parenthetical suggestion here, I recommended to Congress that when mail is diverted in any considerable quantity from one railroad to another the Second Assistant be authorized to divert the pay with it. When I came into the office I was surprised to find that that was not within the authority of the Second Assistant. When weights have been taken on a railroad, those weights remain with it during the four-year period, no matter whether mail has been diverted from it or diverted to it. The result is that very often a road will be carrying the mail without getting pay for it, while another road will be getting pay without carrying the mail that was weighed to it. And this will happen through nobody's fault and through nobody's intention, simply as one of the incidents of diversions that are made for the good of the service, by reason of the putting on of new trains or the taking off of old trains.

For instance, the Southern Railway, under some necessity, some two months ago discontinued one of its principal trains on which we carried a great deal of mail down to Florida and the States along the Gulf. The result of that is that we have diverted a great deal of mail from the Southern to the Seaboard Air Line. Now, if the Seaboard Air Line (I have no idea that that is going to happen, but just assuming that it might, the road being in the hands of a receiver, as you know) finds itself unable to maintain its trains with their present speed and their present number—which, first of all, made it necessary in the public interest to divert mail to them—suppose later they should find they could not maintain those trains, the travel to Cuba and Florida being considerably reduced, and they should discontinue

them this coming summer, it might be that we would return the mail to the Southern, which in the meantime might have restored one of its trains. The weighing is now in progress in that southern section, and all the weights would have gone to the Seaboard Air Line. They would continue to get their pay, although they might not perform the service, while the Southern might perform the service during all the rest of the quadrennial term and might not get any pay. In view of that, which you can see might easily happen without any purpose on the part of any of the railroads or the Department, except the general purpose of the railroad to administer their service as best they can from their standpoint and on the part of the Department to administer the postal service in the public interest, an injustice might readily be done. Because of that, I have asked Congress to grant authority to the Second Assistant Postmaster-General to divert pay with diverted mail, so that the company that does the work can get the pay. That would have a good effect in more ways than one.

I am always reluctant to attribute any motives to anyone other than those which ought to animate him, but it is conceivable that a railroad company, preceding a weighing, might put on a fast train which would secure a large amount of mail; it is also conceivable that it might "discover" shortly after the weighing period had expired that that train was not possible of maintenance, and it would have to be discontinued. Now, the diversion toward that line would have been accomplished and weights would have been taken, and then afterwards the return diversion would take place and the company that had been, perhaps for years, carrying the mail would find itself with the work to do and with no pay for it or with reduced pay.

If it were known that the Department has authority to divert pay with diverted mail, two good results would follow. First of all, any temptation that may exist in the present conditions for any company to do the thing that I have just pictured would be removed. In the second place, we would have an inducement with which we could inspire railroads with the desire to give us the very best possible service in order to get the largest possible quantity of mail.

You understand, of course, that we have no authority to determine how many trains a railroad shall run or how fast they shall run. They determine both of those things. We are simply authorized to use for postal purposes whatever trains they run. But, as I have indicated, if we had this power to divert both mail and pay, we could say to the company that we were not satisfied with the speed of its trains or that we were not satisfied with the number of them. We could, with authority, ask: "Can you not do better by us? Can you not put on a little faster schedule or another train? If not, we will have to look somewhere else, and perhaps we can find some other company that will." It would serve us a useful aid in securing better service. I can not see any objection to vesting that authority in the Second Assistant, and I see several gains to be had from it. The House committee did not put it into the bill, although I think they felt favorably to it. The bill is very long, and they probably overlooked it because it was not written in the original draft of the bill, and it was not under consideration; that is, it was not under the eye. And it may have been overlooked without any intention of the committee to do so. We are going to bring it to the attention of the Senate committee right away, and perhaps that committee will report favorably on it.

The CHAIRMAN. Well, it would have been obnoxious to the rule of the House in regard to engrafting legislation on an appropriation bill, and that may have been a consideration.

Mr. McCLEARY. Yes; that may have been, too. In the Senate they have a way of giving notice of amendments, and so forth, to obviate that objection.

You understand, Mr. Chairman, that we never weigh mail between weighing periods. If, for example, a new railroad has been constructed and it is desirable to have mail carried on that road we make the railroad company an offer, or receive from them an offer, for the carrying of the mail until the next weighing period and the next adjustment of the pay. We are authorized under the law to pay not to exceed \$42.75 per mile per annum for the carrying of mail in such cases. So that, if a road is 100 miles long we could contract with that road to carry the mail for a sum not exceeding \$4,275 a year, under the usual conditions of messenger, and so forth, until the next weighing. That is the maximum that we can pay, and it is the usual sum that we are required to pay, because they know we can pay it, and they hold out to get it.

Sometimes we do not pay it, for this reason: A railroad, we will say, runs across three or four other railroads and touches towns in which post-offices are in existence on the other roads which are already well supplied with mail. Now, those towns being well supplied with mail, and the only advantage being the cross service, we stand out for say \$30 a mile where the service is not really very strongly demanded in the public interest, and where the quantity of mail carried is likely to be light. We have service as low as \$25 a mile, but usually we have to pay \$42.75 where there is a real service, because they know we can do it and they insist upon our doing it. They have held out for months, and often for more than a year, rather than take the service at less than \$42.75. In that case we have to continue with the star routes, which are more expensive than the railroad would be, so that very often we pay \$42.75 as a means of accomplishing the public service at lower cost than we have heretofore been paying for star service. Moreover, it is better service, and more acceptable to the people. It is hard to get people to believe that there is not something the matter if they see trains going back and forth and no mail being carried on them. They are so accustomed to the railway mail service that they demand it very soon after a road begins to operate.

The CHAIRMAN. Is that rate ever reduced by the subsequent weighings?

Mr. McCLEARY. No. You see that \$42.75 is the minimum rate under a weighing. It is the maximum without a weighing and the minimum rate under a weighing. So it is almost sure to be increased, and sometimes very materially increased. We sometimes have difficulty in getting them to accept even the maximum of \$42.75, until we remind them that when weighing comes they will get just what they are entitled to under the practice with older roads.

The CHAIRMAN. The legislation that you recommended for diversion of pay with diversion of mail carried, reads as follows:

When after a weighing of the mails for the purpose of readjusting the compensation for their transportation on a railroad route mails are diverted therefrom, the Postmaster-General may, in his discretion, ascertain the effect of such diversion by the weighing of such mails for such number of successive working days as he may determine, and have the weights stated and verified to him as in other cases, and readjust the com-

pensation upon the routes affected according: *Provided*, That no readjustment shall be made unless the diverted mails equal at least 10 per cent of the averaged daily weight of either of the routes affected.

Might there not be cases calling for a readjustment where diverted mails did not equal 10 per cent of the averaged daily weight a year on the routes affected?

Mr. McCLEARY. The purpose of putting in that proviso, Mr. Chairman, was not to place it within the purview of roads to come after us for readjustments with every little diversion. And we fixed the 10 per cent not because we know absolutely that that is the line of demarcation between that which would be wise and that which would be unwise, but simply as the best guess we could make with the information before us. Perhaps, if it was put into operation, experience would show that either a larger per cent or a smaller per cent would be better, in which case we would ask for a modification of the law.

The CHAIRMAN. Might not the diversion be simply part of the route?

Mr. McCLEARY. Yes.

The CHAIRMAN. And would not that 10 per cent more properly apply to the part than to the whole?

Mr. McCLEARY. I think, in practice, that is what it would apply to.

The CHAIRMAN. The accountants criticise the weighing implements, if I may use that term, the scales, etc.

Mr. McCLEARY. There is some justice in that. I think that we can act upon the recommendation, if we are granted the money with which to do it, and accomplish good. I think that is one of the suggestions in which perhaps they are wise.

The CHAIRMAN. The Government furnishes the weighing instruments, does it?

Mr. McCLEARY. Part of them; most of them, but not all of them. The railway companies themselves are very generous about letting us have the use of their scales. When the six months' weighing that we had from July 1 to December 31 last year was being arranged for it was found that there were not scales enough in sight; our own supply, the railroads' supply, and the available scales on the market were not sufficient to furnish a sufficient supply, and we had to ask the postmasters in the small towns to find local scales, borrow them from somebody, for use in the mail weighing, and they did that. The railroad companies, I think, lease from the scale companies the scales that are used during these quadrennial periods, and pass them around one to another. I think the scale companies have a lot of scales that they use in that way. Then we bought a lot, but we had to take just what we could find in the market. The legislation for the special weighing appeared in the bill of last year. The weighing had to begin on the 1st of July. So the time between the passage of the law and the putting of it into effect was so short that nobody had sufficient notice to make the best possible preparation. We had to do the best we could, under the circumstances. We had very serious difficulties in getting scales in any way, either borrowing them or buying them, to serve our purpose. We exhausted the supply of all the scale companies, and in many cases went out into the retail stores and bought them. We had to do it.

The CHAIRMAN. The scales that were then purchased are now available?

Mr. McCLEARY. Yes, sir; they are now the property of the Government and will be available for future use. But they are not as good facilities as are recommended by these gentlemen. They recommend special scales, and I think that such scales would be useful.

As a matter of fact, if we had the facilities for doing so, our experience with that six months' weighing shows us that we could have practically a continuous weighing of the mails going out of the post-offices. And we are more than half inclined to believe that that would be a valuable thing. We were not sure enough of it, however, to recommend it to Congress, because at the time we made up that report we were only part way through with the weighing.

This annual report, you know, is made up early in the fall, because it has to be ready for you gentlemen in December; and the preparation, therefore, is made earlier, in September. At that time we were only part way through with our weighing. We had not yet had the October tests and the postmasters were still afraid that they were not going to be able to do the work.

When notices were first sent out, we had a perfect tornado of expressions that it was impossible for them to do what they were called upon to do. They supposed they had to weigh all mail, incoming and outgoing and everything. Of course when they discovered they were to weigh only mails originating in their own offices, a large part of the fear passed away.

In October we had certain special weighings. You remember that we diverted to the First Assistant Postmaster-General \$85,000 with which to secure for the typical post-offices extra help. We selected 810, if I remember, typical post-offices in which these special weighings were to be had. There were 138 of the first, 116 of the second, and 123 of the third class, and 433 of the fourth class. They were chosen from all parts of the country. There was not a Congressional district in the United States in which there was not at least one of these typical post-offices located. Out of the \$300,000 placed at our disposal for the purpose of this investigation, we turned over \$85,000 to the First Assistant for pay for extra help in these post-offices.

As I said a little while ago, we are of the opinion now that we could, if it were deemed wise by Congress for us to do so, weigh the mails day by day as they leave the post-offices, provided we had such facilities as they indicate in that report. Such continuous weighing would give us a fund of information which has never been available before. We would have the actual facts and not simply an estimate based upon periodical weighing. As I said, we were not sure enough of the wisdom of going to that expense, for there necessarily would be some expense, to recommend it to Congress, but, when we have summed up the results of these weighings and have been able to determine somewhat their value, we may want to recommend to Congress more weighings than we have ever had before, at least until we have settled the question of what is proper mail pay for the transportation of the mail. What has embarrassed the commissions that have tried to pass upon this question of what constitutes mail pay, has been the absence of accurate information. Nobody had it. It can be had only by having the actual weighings, such as those made in the six months from July 1 to December 31, 1907.

(The committee thereupon adjourned to meet at 10.30 o'clock a. m. to-morrow, Thursday, April 2, 1908.)

[See footnote, page —.]

Memorandum regarding the suggestions on work of the Division of Railway Adjustments contained in the Preliminary Report of the Joint Commission on Business Methods of the Post-Office Department and Postal Service.

The recommendations of the public accountants will be taken up in the order in which they are recited in pages 103 and following.

(a) RAILWAY MAIL TRANSPORTATION.

The accountants set forth the intricate character of the subject and comment upon the fact that the Department has no data and, until the beginning of the year 1907, has made no effort to secure the same, with respect to the effect of the law of 1873, fixing rates for the transportation of the mails upon railroad routes. They point out the desirability of such information as necessary to a review of existing conditions and as a preliminary step to changes in organization and method of transportation and pay for the same. The law of March 3, 1873 (20 Stat. L. 358), provides that the Postmaster-General shall secure such data. Until the year 1907, no effective effort was made in this direction and it has been stated in the Department that the investigations and reports of the several commissions which have from time to time been appointed were regarded as in effect superseding the requirements of this statute, for the time being, at least. Early in 1907, a set of inquiries was carefully prepared and sent to all railroad companies, the purpose of which was to secure information regarding the operating, receipts, and expenditures of such railroads in the transportation of the mails. This information was to be furnished for a period of three months, beginning July 1, 1907. At the request of a number of railroad companies the period was deferred in order to allow them to arrive at some conclusion as to uniform manner of treating the inquiries. Although these companies have been twice requested to report their progress in the matter they have not yet done so. It has been expected by this office to fix a period early enough in this year so as to be able to make a report to Congress in the fall. It may be added that the labor in compiling and arranging this information will be so great that the regular force can not handle it in that time. Accordingly a recommendation was made in the Second Assistant's report, and also in the report of the Postmaster-General, that an appropriation be made to meet this. Up to the present time no action has been taken by Congress.

I think there should be systematic efforts made from time to time to secure this information as provided by law, and with an organization of the railway adjustment division with more clerical help this can be done.

(b) RECORDS OF TRANSPORTATION AND LOADING OF MAILS.

For the purpose for showing the relationship between the service rendered and the compensation received the accountants recommend the keeping of records classified under the following heads:

(1) *Pouch and sack service.*—Under this heading the accountants recommended the record of route number, distance, average daily weight, ton-miles cost, and number of pouches and sacks, quarterly as obtained from periodical returns. All this record is now made in this office for the route as a whole excepting the ton-miles cost and the number of pouches and sacks. The record of ton-miles cost could be readily made. With reference to the record of pouches and sacks, this would be a very burdensome undertaking even at the quadrennial weighing. The recommendation provides for quarterly records, which would necessitate this record to be made every three months. So far as the present basis for fixing compensation for carrying the mails is concerned, the number of pouches and sacks used has no relation to it excepting indirectly as they add weight to the aggregate weight of mails. The number of pouches and sacks used with reference to any particular weight of mails has an administrative bearing upon the question as to whether equipment is economically used. This record, however, could be secured by the Department for this purpose at stated times for a limited period, and serve all administrative purposes.

The recommendation contemplates a record of these details with reference to that part of the service performed upon a route which is strictly pouch and sack service; that is to say, there would be a record giving all these details with reference to the mails carried in pouches and sacks upon a route separate and distinct from the service performed in cars of all descriptions. This would require a very elaborate record, and, if thought advisable, should not be attempted more frequently than when the mails are regularly weighed.

(2) *Storage car service.*—The accountants recommend a record of the same particulars as in the pouch and sack service, with the addition of the number of storage cars, for

each quarter. Practically the same statement made with reference to pouch and sack service may be made with reference to this service.

(3) *Compartment car service.*—The accountants recommend a record of the route number, distance, average daily weight, ton-miles and cost, as ascertained at the quadrennial weighings; number of cars, size of cars, number of clerks, number of pouches, number of pieces, and number of sacks, quarterly from periodical returns.

For the entire route the present record shows the route number, distance, average daily weight, size of cars, and cost, but does not show the other items. The ton-miles could not be computed and stated from our present record. Additional data would have to be secured with reference to number of cars, clerks, pouches, pieces, and sacks. Practically the same statement as made above with reference to the advisability of this data could be made here. If desirable to secure it, it would be inadvisable to attempt it quarterly. It would be an undertaking which could not be accomplished without a vast amount of work. If desirable at all, such a record at the time of the weighing would seem to be all that would be necessary.

(4) *R. P. O. car service.*—The accountants recommend similar data to that regarding compartment car service, with additional columns for weight, compensation and special compensation.

By special compensation I assume they mean the pay given for railway post-office cars when authorized.

Practically the same statement made with reference to the other classes of service will apply to this.

The accountants claim that from these records it would be possible to make a comparison between the several services performed and to consider the feasibility of arriving at the different rates of compensation for such different classes. They suggest that a study of conditions on each route or section of routes would reveal the possibility of effecting economies in the loading of mails, demonstrate the capacity of a car, and indicate the advisability of employing additional R. P. O. cars, or of substituting compartment cars for R. P. O. cars. It is uncertain how economies in loading the mails could be effected in this manner. The suggestion that it would demonstrate the capacity of cars is partially correct. It would give data with reference to the actual weights of mails in the separate cars and in several classes of cars. Such information would be similar to that which was obtained in the October special weighing to ascertain the average load of railway post-office cars. This information is valuable, but it need not be obtained with such frequency as that suggested by the accountants. The further suggestion that such data would indicate the advisability of changing the authorizations for railway post-office cars could hardly be realized for the reason that such a record does not supply all the information necessary for such a purpose. It would assist, however, by reason of the fact that it would show the actual weight of mails carried in the compartment and railway post-office cars. This data, however, is specially ascertained and reported whenever the question arises as to authorization or reduction of railway post-office car space. Much more information is necessary to determine the question of increase or reduction, and the securing of such information is now provided for by the report of the recent departmental commission appointed to consider half lines of cars, which commission recommended annual reports from the railway mail service showing the condition of all lines and half lines authorized.

(5) *Classification of routes according to weights.*—Under this heading the accountants recommend a classified record, showing in detail the routes falling under the different weight classifications prescribed by the act of Congress of 1873. The record is to contain certain data therein specified with reference to the routes, and the routes are to be classified under the four headings before mentioned—that is, pouch and sack service, storage-car service, etc. This record is also to contain additional information as to the estimated cost of railway-paid messenger service on each route, and is designed to show the proportions in which the railroad compensation is distributed over the routes falling under the different weight classifications, and also to show the effect of the cost of messenger service paid by railroad companies to low-rate and high-rate routes.

Most of this information was covered by the Department's Table C, excepting that there was no classification of routes with reference to rates of pay as suggested. This table has been discontinued, but its utility and desirability are recognized. With reference to the item of railway-paid messenger service, this would be difficult to represent, as in many cases the regular agent or employee of the railroad company performs the service as part of his regular duties and receives no specific compensation therefor. In all cases, however, where specific compensation is paid this might be ascertained and a fair estimate of the value of their service made. I think a record conforming to the general lines suggested might be desirable.

(6) *Classification of routes according to railroad systems.*—Under this heading the accountants suggest a classification of routes according to railroad systems in order

to show the average rate of payment to each railroad system and a comparison of these rates in the light of published train cost of each railroad. Such a record could be kept without difficulty and would be instructive.

Geographical divisions for quadriennial weighings.—Under this heading the accountants suggest the division of the country by the railway adjustment division, for the purposes of weighings, into the divisions observed by the Interstate Commerce Commission in collecting and compiling its statistics. This is designed for the purpose of comparing statistics regarding the mail service with statistics compiled by the Commission.

The geographical divisions adopted by the Interstate Commerce Commission are ten in number and do not coincide with State lines, it often occurring that part of a State will lie in one division and the rest of it in another. The Department divides the country into four weighing sections, each of which coincides with what is called a contract section, and all contract service in each section begins on the same day as the adjustment for railroad transportation in such section. There are a number of administrative reasons why such an arrangement is desirable. The estimates for appropriations may be made with more certainty than they could be otherwise and the clerical work of the Department may be done with greater facility. If the weighing sections were changed to coincide with the Interstate Commerce subdivisions, the result would be that the contracts for star and screen-wagon services would not coincide with the contracts for railroad transportation. It would also happen that adjustments for railroad service in a part of one State would begin at a different period from that at which the railroad service in the remainder of the State would begin. All this would tend to considerable confusion in the administration of the service, both in the Department and in the field. It would also result in considerable additional expense and labor in the inauguration of screen-wagon service where a railroad section would overlap a regular contract section and necessitate additional advertisements for service during the contract term for that section.

It may be true that for purely statistical purposes it would be interesting to be able to compare railroad rates of pay with statistics compiled by the Interstate Commerce Commission, but this comparison is the only possible advantage gained by such a division of the country. The same end might be substantially obtained, first, by comparing the data for the actual service for the whole country with the railroad statistics for other classes of service for the whole country, or, second, by compiling the mail-service statistics for the roads on the mileage of such roads located in any interstate commerce subdivision. There would, however, be some difficulties in this last. Upon the whole, I would not think it advisable to adopt this suggestion of the accountants.

(c) TRANSPORTATION OF EQUIPMENT.

Under this heading the accountants call attention to the large proportion of the weight of equipment to the mail which it incloses, especially fourth-class matter. They suggest the advisability of investigations to ascertain the possibility of curtailing pouch exchanges where possible, also the use of lighter equipment for small amounts of mails. These two recommendations are, in my opinion, wise. The statistics recently collected in the special weighing of the mails has demonstrated the fact that there is large opportunity for reforms in these directions.

(d) ROUTE BOOKS.

Under this heading the accountants suggest elaborate records in route books, the details of which are given. These records are to cover the details necessary under the requirements set forth above. They are also to include the data for the records now kept in the inspection division. To the extent to which I have heretofore indicated these records are practicable.

As to the consolidation of the work of the inspection division with the work of the railway adjustment division there is something to be said upon both sides. Upon the whole, I doubt the advisability of such consolidation. I do not think the work could be done with less clerical force, nor would I think it advisable to have the work of the several clerks less specialized than it now is. The work of conducting the correspondence and keeping the records with reference to the authorization of service is quite distinct from that of checking reports as to performance of service. The work of making the computations for adjusting pay and drawing the orders for the same is quite distinct from the work of computing deductions and fixing amounts of fines for the nonperformance of service or derelictions in such performance. If the relations between these two divisions are intimate, there seems to be no special disadvantage in specializing their work.

(e) CHANGE IN LENGTH OF WEIGHING PERIOD.

Under this heading the accountants point out objections to the present length of the weighing period because it does not, as it is claimed, cover full months or full weeks and second-class mail matter moves during the last ten days of the month. For these reasons it is claimed that a correct average daily weight can not be obtained during such period. The recommendation is for the adoption of a period consisting of complete months and, preferably, of complete weeks. I am inclined to think that a thirty-five days' weighing will produce a fair average if the beginning of the weighing period is well selected.

(f) CONTINUOUS WEIGHING IN SIMILAR SECTIONS AND MAIL WEIGHERS.

Under this heading the accountants recommend continuous employment of mail weighers. This recommendation is urged in connection with the division of the country into the same divisions used by the Interstate Commerce Commission. It must be admitted that a continuous weighing will produce the most exact result. It would, however, be expensive, and it is doubtful whether the result can not be approximated sufficiently by a periodic weighing.

(g) COMPUTATION OF WEIGHTS AND CALCULATING MACHINES.

Under this heading the accountants state that the method now used in which the calculations are made and checked in the same division, the clerks interchanging their work, is not satisfactory. They recommend that the checking and the tabulation of the weights should be made in the Comptroller's office. They also recommend the use of calculating machines to expedite the work.

It is inferred that the unsatisfactory feature of the present method is that which requires the calculation and the checking to be made in the same division. Why this should be unsatisfactory is not stated. I have had personal knowledge of the work and know of no reason why the method should be unsatisfactory. Upon the other hand, it is the rarest instance that an error has gone undetected. The advantage of having the work done by clerks who are familiar with the service, the manner of its authorization, and of keeping the record, is considerable and should not be overlooked. As to the suggestion that the tabulations should be done in the Comptroller's office, I see no merit in this. The tabulations are only a step in the process of adjustment. It is the work which assembles the factors which are used in the subsequent computations. This can be best done by clerks who are familiar with the service in every respect, who have knowledge of transportation matters, train service, and the dispatch of mails. Such clerks could be only found in the railway adjustment division or in the railway mail service. Necessarily clerks in a Comptroller's office would not have this knowledge and would, therefore, not be the most competent to do this class of work. There appears to be no reason that I can discover why this branch of the work should be separated from the whole.

With reference to the use of computing machines, this is very desirable, and arrangements have been made for using the most approved ones in completing these computations.

(H) FREIGHT AND EXPRESS SECTION.

Under this heading the accountants express the opinion that freight and express charges on stamped envelopes, wrappers, and postal cards should be under the administration of the stamp section, and those on empty equipment should be under the control of the equipment division. Both of these recommendations are inadvisable, in my opinion. It does not follow from the mere fact that the freight charges are related to the stamped envelopes and wrappers or to empty equipment that the sections having jurisdiction over these articles should handle the question of freight charges. The accountants have overlooked the most important administrative feature in regard to this payment of freight. This is the effect which these articles have upon railroad transportation pay when they are carried

in the mails. This matter is wholly within the jurisdiction of the division of railway adjustments, in the office of the Second Assistant Postmaster-General. The point of importance is not how or by whom the freight questions should be settled, but it is that these articles should be withdrawn from the mails at the proper times and withheld therefrom. This is so intimately connected with the conduct of the railway adjustment division, the transportation of the mails, and the adjustment of pay therefor that it would be inadvisable to attempt to intrust it to those who are not concerned with these results. It differs materially from the question of handling supplies, in that supplies emanate mainly from one point—Washington—and their withdrawal is easily effected, and when once withdrawn the matter needs no further consideration. In the matter of equipment, however, the articles are intimately associated with the transportation of the mails, are in constant use, and provision must be made by the transportation bureau for assembling them at proper points and providing for their transportation and continued use in the service.

(Signed)

JOSEPH STEWART,
Superintendent Division of Railway Adjustments.

[See foot note, page —.]

Proposals for the purchase of waste materials from the Post-Office Department for the fiscal year July 1, 1908, to June 30, 1909.

ADVERTISEMENT.

POST-OFFICE DEPARTMENT,
Washington, D. C., January 30, 1908.

Sealed proposals will be received at the office of the chief clerk of this Department until the 6th day of April, 1908, at 2 o'clock p. m., at which time and place they will be opened in the presence of the bidders or their authorized agents or attorneys, for the purchase of waste materials from the Department, including waste paper; old canvas with metal parts attached, old leather with metal parts attached, and canvas and leather with metal parts attached; canvas cuttings and lacing cord, free from metal parts; brass drillings, punchings, pins, lock parts; bronze drillings, lock parts, etc.; iron and steel; steel strips from which lock parts, etc., have been punched; old scales, brass and iron, from the Annex Building, during the fiscal year ending June 30, 1909.

Blanks for proposals, with specifications and instructions, will be furnished upon application to the Chief Clerk and Superintendent of Buildings, Post-Office Department, Washington, D. C.

G. V. L. MEYER,
Postmaster-General.

PROPOSAL—PURCHASE OF WASTE MATERIALS—POST-OFFICE DEPARTMENT.

_____, 1908
To the POSTMASTER-GENERAL.

SIR: The undersigned, _____, doing business as _____ in the city of _____, propose to purchase from the Post-Office Department during the fiscal year ending June 30, 1909, in compliance with the terms of the specifications hereto attached, all the conditions of which are hereby accepted and made a part of this proposal, any or all the articles named in the accompanying schedule opposite which prices have been affixed, at the rate therein stated, and to remove the same from the Post-Office Department (and the Post-Office Department annex, located at First and K streets NE.), at Washington, D. C., at the regular times in such specifications stated.

Specifications.

No. of item.	Estimated quantity.	Description of articles.	Rate.	
			Dollars.	Cents.
		<i>For the purchase of waste paper.</i>		
		Bids will be received for the purchase of waste paper, baled or in sacks. If the award is made for waste paper baled, the contractor will be required to furnish a supply of burlap and No. 16 iron wire to be used in baling the paper. Six yards of 40-inch burlap and one-half pound of wire will be required for each bale. The bales must be removed Monday, Wednesday, and Friday of each week.		
		If the award is made for paper in sacks, the contractor must furnish a sufficient number of sacks for the purpose, and the paper must be removed daily.		
		Delivery and acceptance of waste paper will be made on the scales in the basement of the Post-Office Department building. The paper must be removed by the contractor at his expense. Material is never sold by sample, and no fixed standard is guaranteed.		
		The quantity stated is merely an estimate, and actual accumulations may vary considerably therefrom.		
A	700,000 pounds.....	Waste paper, baled..... per 100 pounds.		
		Waste paper, in sacks..... per 100 pounds.		
		<i>For the purchase of old materials from the mail equipment shops.</i>		
		Delivery and acceptance of all scrap material at the mail equipment shops will be made on the scales at the said shops. The material must be removed by the contractor at his expense. The material is never sold by sample, and no fixed standard is guaranteed. The entire accumulation under each item must be taken by the respective contractors. The quantities stated below are merely estimates; the actual accumulations may vary considerably therefrom. Prospective bidders are invited to personally inspect these classes of materials at the shops.		
		Contractors for items B, C, D, and E will be required to furnish suitable sacks in which to pack the materials.		
B	95,000 pounds.....	Old canvas with metal parts attached; sack heads, pouch flaps, etc..... per 100 pounds.		
C	35,000 pounds.....	Old leather with metal parts attached; parts of pouches, etc..... per 100 pounds.		
D	40,000 pounds.....	Old canvas and leather with metal parts attached; pouch bottoms, etc..... per 100 pounds.		
E	235,000 pounds.....	Canvas cuttings and lacing cord, free from metal parts; refuse from sacks, pouches, etc..... per 100 pounds.		
F	8,000 pounds.....	Brass drillings, punchings, pins, lock parts, etc., per 100 pounds.		
G	1,500 pounds.....	Bronze drillings, lock parts, etc..... per 100 pounds.		
L	18,000 pounds.....	Iron and steel; punchings, drillings, pins, lock parts, etc..... per 100 pounds.		
M	10,000 pounds.....	Steel strips from which lock parts, etc., have been punched..... per 100 pounds.		
N	3,000 pounds.....	Old scales, brass and iron..... per 100 pounds.		

INSTRUCTIONS TO BIDDERS.

Proposals.—Proposals, to receive consideration, must be submitted upon the blank forms which will be furnished to prospective bidders upon application to the chief clerk and superintendent, Post-Office Department, Washington, D. C. Bids must be made separately upon each item of the specifications, but only a single form of proposal should be used by each bidder, whatever may be the number of items upon which bids are submitted.

Each proposal must be signed by the individual or partnership making it, and when by a partnership should bear the signature of each partner. If the proposal be made by a corporation it should state the name of the corporation in full and its place of business. The proposal of a corporation should be signed by the officer thereof authorized to bind it by contract, and accompanied by a copy, under seal, of his authority to sign. If the corporation has a seal, it should be affixed to the proposal; if it has no seal, the reason it has none should be stated in the proposal.

Bond.—The proposal must be accompanied by a bond, signed by at least three responsible sureties, or by a surety company satisfactory to the Postmaster-General and authorized to do business under the act of Congress of August 13, 1894, conditioned that the bidder shall, within ten days after the receipt of notice from the Postmaster-General that his bid has been accepted, execute a contract in accordance with the terms of his proposal and give a bond for the faithful performance thereof, with good and sufficient sureties as hereinafter required. The responsibility and sufficiency of the persons executing such bond must be certified to by the postmaster, United States judge, or the clerk of a court of record at or nearest the place of residence of the bidder. Where, however, a surety company is sole surety upon the bond, this certificate is not necessary. The bond must be in the penal sum of \$250 if the value of the articles embraced in the proposal, on the basis of the estimated quantities given, is \$1,000 or less; of \$500, if the estimated value of the articles is more than \$1,000 and not more than \$5,000; of \$2,000, where the estimated value is more than \$5,000. If preferred, a check for the like amount, payable to the order of the Postmaster-General, may be filed in lieu of bond, the amount of said check to be forfeited to the Government in the event of failure on the part of the bidder to enter into contract in accordance with the proposal. If the amount of the bid is not greater than \$500, a certified check for a sum equal to 20 per cent of said amount may be submitted in lieu of bond.

Quantities of articles.—The quantities of the various items stated in the schedule are merely estimated upon the basis of quantities of such articles delivered by the Post-Office Department during past years. It is to be distinctly understood that these estimates for the fiscal year ending June 30, 1909, are only approximate, and given for the information of bidders, and that no obligation is thereby imposed upon the Post-Office Department, the right being reserved to furnish any greater or less quantity, as the interests of the Government may require.

Award.—The Postmaster-General reserves the right to decline to consider proposals submitted by bidders who may have defaulted in any existing or prior contract, or failed to perform the requirements of such contract to the satisfaction of the Post-Office Department.

Bids will be considered on each item separately, and contract awarded to the highest responsible bidder.

If the bidder to whom the award shall be made should fail to enter into contract as herein provided, then the award may be annulled, and the contract let to the next most desirable bidder, in the opinion of the Postmaster-General, and such latter bidder shall be required to fulfill every stipulation embraced therein, as if he were the original party to whom the contract was awarded.

The right is reserved to reject any and all bids, to waive technical defects, and to accept any part of any bid and reject the other part if, in the judgment of the Postmaster-General, the interests of the Government so require.

All communications relating to bids and all appeals of bidders should be addressed to the Postmaster-General in writing.

Contract.—Each successful bidder must, within ten days after the receipt of notice from the Postmaster-General that his bid has been accepted on one or all of the items upon which he has submitted a bid, enter into a contract, with at least three good and sufficient personal securities, or a surety company authorized to assume obligations of suretyship under the provisions of the act of August 13, 1894, subject to the approval of the Postmaster-General, to remove promptly and in quantities as ordered, such waste materials as he has proposed to purchase from the Post-Office Department, and faithfully and diligently to keep, perform, and abide by each and every one of the requirements, provisions, and terms of such contract, of which these specifications and instructions are to be made a part. The contractor and his sureties shall covenant and agree that in case he shall fail to do or perform all or any of the covenants, stipulations, and agreements of such contract on his part to be performed, as therein set forth, said contractor and his sureties shall forfeit and pay to the United States of America the sum specified in said contract, to wit: \$500 in each contract for articles aggregating in value on the basis of the estimates herein given, \$1,000 or less; \$1,000 in each contract for articles aggregating in value on said basis over \$1,000 and not more than \$5,000; and \$2,000 in each contract aggregating in value on said basis over \$5,000 and not more than \$10,000; for which said forfeiture such contractor and his sureties shall be jointly and severally liable as fixed, settled, and liquidated damages, and not as a penalty, to be sued for in the name of the United States.

The contract shall also provide that if, at any time during its continuance, the sureties, or any of them, shall die or become irresponsible, the Postmaster-General shall have the right to require additional and sufficient sureties, which the contractor shall furnish, subject to the acceptance of the Postmaster-General, within ten days after notice, and in default thereof the contract may be annulled.

By section 3737 of the Revised Statutes it is provided that no contract or order, or any interest therein, shall be transferred by the party to whom such contract or order is given to any other party, and any such transfer shall cause the annulment of the contract or order transferred, so far as the United States are concerned. All rights of action, however, for any breach of such contract by the contracting parties are reserved to the United States.

No Member of or Delegate to Congress shall be admitted to any share or part of a contract for the purchase of any of the articles herein mentioned or to any benefit to arise therefrom.

Bond.—Personal sureties on the contract must be holders of real estate to an amount in value double that of the liability of the bond, over and above all incumbrances or homestead exemptions, and be residents of the same State, Territory, or District as the principal. The responsibility and sufficiency of the persons executing such bond are to be certified to by a postmaster of the Presidential grade, United States judge, or United States attorney at or nearest the place in which the bidder resides. Such sureties shall justify their responsibility by affidavit, to be made before a notary public, United States commissioner, or a district or circuit judge of the United States.

Delivery and removal of waste material.—Materials of the character described in these specifications will be delivered by the Post-Office Department to the contractor or contractors for their purchase, from time to time, at and within the doors of the Post-Office Department building, and the Post-Office Department Annex, located at First and K streets NE., at Washington, D. C., and will be required to be removed therefrom as ordered by the Chief Clerk and Superintendent of Buildings, Post-Office Department, at the expense of the contractor.

Whenever, in the opinion of the Postmaster-General, there has been a failure on the part of the contractor to receive and pay for waste material delivered by the Post-Office Department, or in any other respect faithfully to perform any of the obligations of his contract, such contract may be annulled, new proposals invited, and a new contract awarded for the purchase of such materials during the remainder of the term contemplated by the original contract. Pending the advertisement for such proposals, and the letting of such new contract, the waste materials agreed to be purchased under the original contract may be disposed of at private or public sale. The failing contractor and his sureties will be held liable for any and all losses which may result to the United States by reason of the disposition of such waste materials, during the term specified in said original contract, by public or private sale and under subsequent contract or contracts, at lesser prices than that agreed by him to be paid for them under his said original contract.

Payments.—Payments will be required monthly for such materials as may be delivered to the contractor in pursuance of the contract.

Address of proposals.—Proposals must be securely enveloped, sealed, and indorsed (on the envelope) "Proposals for the Purchase of Waste Materials," and addressed to the Postmaster-General, Post-Office Department, Washington, D. C.

G. V. L. MEYER,
Postmaster-General.

POST-OFFICE DEPARTMENT,

Washington, D. C., January 30, 1908.

The undersigned hereby subscribes to the foregoing proposal, specifications, and instructions to bidders:

Doing business as _____
Place of business, _____

BOND.

NOTE.—Any alteration by erasure or interlineation of a material part of the following bond will cause it to be rejected, unless it appears by a note or memorandum, attested by the witnesses, that the alteration was made before the bond was signed and sealed.

Insert the full names, including Christian names, of the principal and sureties in the body of the bond; also the date. The signatures to the bond should be witnessed, and each signature must be opposite a separate seal.

When partners are parties to the bond, the partnership name should not be used, but each partner should sign his individual name.

A married woman will not be accepted as surety.

At least three sureties are required on each bond. A duly qualified surety company, however, will be accepted as sole surety.

Know all men by these presents, that _____, of _____, in the State of _____, principal, and _____, _____ and _____ of _____, in

the State of ———, as suret—, are held and firmly bound unto the United States of America in the just and full sum of a ——— dollars, lawful money of the United States, as fixed and settled damages, and not as a penalty to be reduced or diminished, to be paid to the said United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

Sealed with our seals, and dated this — day of —, 1908.

Whereas, under the advertisement dated January 30, 1908, the Postmaster-General has invited proposals for purchasing waste materials from the Post-Office Department, during the fiscal year ending June 30, 1909, and

Whereas, under the terms of the advertisement aforesaid, and the specifications and instructions to bidders annexed thereto, each proposal must be accompanied by the bond of the bidder, with good and sufficient sureties, in pursuance whereof this bond is made and executed, subject to all the terms and conditions in the said specifications and instructions to bidders provided and prescribed, to accompany the foregoing and annexed proposal of ———.

Now, the condition of the said obligation is such, that if the said bidder, as aforesaid, shall within such time after his bid is accepted by the Postmaster-General as prescribed in said instructions to bidders, to wit, within ten days from the date of receipt by the bidder of notice of acceptance of the bid, enter into a contract with the United States of America, with good and sufficient sureties to be approved by the Postmaster-General, as provided in said proposal, specifications, and instructions to bidders, to remove and pay for materials of the character described in said specifications, as delivered by the Post-Office Department, and in all other respects to carry out the terms and conditions of said proposal, specifications, and instructions to bidders, then this obligation shall be void; otherwise to be in full force and obligation in law.

In witness whereof we have hereunto set our hands and seals this — day of —, 1908.

[Bidder sign here.] _____ {SEAL.}

[Sureties sign here.] _____ {SEAL.}

Witnesses:

CERTIFICATE.

The undersigned, ———, in the State of ———, certifies, under his oath of office, that he is acquainted with the sureties on the above bond, and knows them to be men of property and able to insure the payment of the entire amount of said bond.

Dated at ———, ———, 1908.

This contract made this — day of ———, ———, in the year of our Lord one thousand nine hundred and ———, by and between the United States of America (by the Postmaster-General) of the first part, and ———, of ———, in the ——— of ———, of the second part, witnesseth:

That whereas the Postmaster-General heretofore, to wit, on the — day of ———, nineteen hundred and ———, caused to be published, pursuant to law, in certain newspapers in the United States a certain advertisement of the date last aforesaid, of which the following is a true copy: ———.

And whereas, in response to said advertisement, certain proposals were received at the Post-Office Department for purchasing and removing from the said Department, from time to time as they may accumulate, during the fiscal year beginning ———, 19, and ending ———, 19, the following-named waste materials, to wit:

And whereas the said proposals, having been opened, were duly examined and considered, and the proposal of the said part — of the second part was accepted by

a \$250 for each bid of \$1,000 or less; \$500 for each bid exceeding \$1,000 and not exceeding \$5,000; \$2,000 for each bid exceeding \$5,000 and not exceeding \$10,000; \$3,000 for each bid exceeding \$10,000.

The responsibility and sufficiency of the signers to the above bond are to be certified to by the postmaster, United States judge, or United States attorney at or nearest the place where the bidder resides. Where, however, a surety company is sole surety upon the bond, this certificate is not necessary.

the Postmaster-General, and contract for purchasing and removing said materials awarded to said part :

Now therefore the said part of the second part hereby covenant and agree to and with the said party of the first part as follows, to wit:

1. That the said part of the second part, shall and will purchase and remove at ——— sole risk and expense, in such quantities, and in such quantities at a time, and from time to time, as may be directed by the Postmaster-General during the fiscal year beginning ———, 19 —, and ending ———, 19 —, any and all of the following-named materials, described in the specifications included in ——— said proposal, at the prices respectively set opposite the several items, to wit:

Item No.	Material.	Price.

2. That the said part of the second part shall and will purchase all materials of the character herein described which may accumulate in the Post-Office Department during the fiscal year ending June 30, 19 —, pay for such materials monthly, at the prices specified, and receive and remove the same at ——— own cost and expense promptly and from time to time as directed by the Postmaster-General, from the Post-Office Department building, the division of post-office supplies, the mail bag and lock repair shops, and the several divisions of the Post-Office Department now located in the Busch Building, in the city of Washington, District of Columbia, and from all other buildings which may be used or occupied by the Post-Office Department in said city and District during the period contemplated by this contract or any part of such period.

3. That if at any time during the continuance of this contract there has been, in the opinion of the Postmaster-General, a failure on the part of the part of the second part to receive, remove, or pay for waste materials delivered by the Post-Office Department, of the character herein agreed by ——— to be purchased, removed, and paid for, or a failure in any other respect faithfully to perform any of the covenants, stipulations, or agreements of this contract on ——— part to be performed, the Postmaster-General may annul this contract, invite new proposals, and award a new contract for the purchase of such materials during the remainder of the period contemplated by this contract.

4. That pending advertisement for such new proposals and the letting of such new contract the waste materials agreed to be purchased under this contract may be disposed of at private or public sale; and the said part of the second part shall be liable for any and all losses which may result to the United States by reason of the disposition of such materials, during the term specified in this contract, by public or private sale and under such new contract. And in the event of the failure, in the opinion of the Postmaster-General, of any subsequent contractor to fulfill any of the requirements of his contract, the said part of the second part shall be liable in like manner for all losses suffered by the United States in consequence of such failure during the whole of the period contemplated by this contract.

5. That at any time during the continuance of this contract the Postmaster-General may require new and additional sureties upon the bond hereto annexed if in his opinion such sureties are necessary for the proper protection of the interests of the United States; and that the part of the second part shall furnish such sureties to the satisfaction of the Postmaster-General within ten days after notice so to do; and in default thereof this contract may be annulled at the option of the Postmaster-General.

6. That no Member of or Delegate to Congress shall be admitted to any share or part of this contract or to any benefit to arise thereupon.

7. That neither this contract nor any order given thereunder, or any interest therein, shall be transferred or assigned by said part of the second part, and any such transfer or assignment shall cause the annulment of such contract or order, so far as the United States are concerned, all rights of action, however, for any breach of this covenant by said part of the second part being reserved to the United States.

8. That the annulment of this contract under any stipulation, reservation, or agreement herein contained, or any action taken by or on behalf of the United States in consequence or by reason of such annulment, shall not release or impair its obligation upon the said part of the second part and the sureties on said bond, or defeat or in any wise affect any right, claim, or interest of the United States arising or accruing hereunder: but the liability of said party and his said sureties in respect of such

right, claim, and interest shall subsist notwithstanding such annulment or action, and as fully as if this contract in all respects continued in force and effect.

In consideration of the purchase and removal by the part of the second part of the materials hereinbefore agreed by ——— to be purchased and removed, and of ——— performance of all the other of the foregoing covenants, stipulations, and agreements on ——— part to be kept or performed, each and all of which are hereby made conditions of this contract, the United States, party of the first part, covenants and agrees to and with the said ———, of the second part, to deliver to said second party from time to time, at and within the doors of the Post-Office Department building, the division of post-office supplies, the mail-bag and lock repair shops, and the several divisions of the Post-Office Department now located in the Busch Building, in the city of Washington, D. C., and at and within the doors of all other buildings which may be used or occupied by the Post-Office Department in said city and District during the period contemplated by this contract or any part of such period, all materials of the character herein described which may accumulate in the Post-Office Department during the fiscal year ending June 30, 19 .

It is mutually understood, covenanted, and agreed by and between the parties hereto that the accepted proposal of the part of the second part and the specifications and instructions to bidders accompanying the same shall be deemed and taken as forming a part of this contract, with the like operation and effect as if the same were incorporated herein.

In witness whereof the said Postmaster-General has hereunto affixed his signature and caused the same to be attested by the seal of the Post-Office Department.

[SEAL P. O. D.]

———, *Postmaster-General.*

Signed, sealed, and delivered by the Postmaster-General in the presence of—

And the said part of the second part has hereunto set ——— hand and seal on the day and year first above written.

———, [SEAL.]
———, [SEAL.]

Witnesses:

———
———

Correct.

———, *Chief Clerk and Superintendent of Buildings.*

Date, ———, 19 .

Approved as to form.

———, *Assistant Attorney-General for the Post-Office Department.*

Date, ———, 19 .

BOND.

NOTE.—Any alteration by erasure or interlineation of a material part of the following bond will cause it to be rejected, unless it appears by a note or memorandum, attested by the witnesses, that the alteration was made before the bond was signed and sealed.

Insert the full names, including Christian names, of the principal and sureties in the body of the bond; also the date. The signatures to the bond should be witnessed, and each signature must be opposite a separate seal.

When partners are parties to the bond, the partnership name should not be used, but each partner should sign his individual name.

“If a partnership, the name of each partner, followed by the firm name, should be signed to the contract, as: “James L. Smith, Hugh L. Scott, partners, doing business as Smith & Scott.”

If a corporation, its name should be signed, followed by that of the officer authorized to bind the corporation by contract, as: “The Union Supply Company, by James L. Smith, president. Attest: Hugh L. Scott, secretary.”

In addition a certificate of the secretary should be furnished, showing that the corporation is authorized by its charter to enter into such a contract as is made herein, and that the person who signs such contract for and on behalf of the corporation as an officer thereof is such officer and authorized to bind the corporation by contract. This certificate should embrace a certified copy of the minutes of the corporation, showing the election of the officers signing for the corporation, and a certified copy of the by-laws relied upon by such officers as authority for executing the contract. If the corporation have a seal, it must be affixed to the contract; if it have no seal, this should be stated.

A married woman will not be accepted as surety.

At least three sureties are required on each bond. A duly qualified surety company, however, will be accepted as sole surety.

Know all men by these presents:

That we, _____, of _____, in the State of _____, principal, and _____, of _____, in the State of _____, _____ of _____, in the State of _____, and _____, of _____, in the State of _____, suret, are held and firmly bound unto the United States of America in the just and full sum of _____ dollars, lawful money of the United States, to be paid to the said United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

Sealed with our seals and dated this _____ day of _____, 19 _____.

Now the conditions of this obligation are such that if the above bounden _____ [Name of principal], _____, [Names of sureties], their heirs, executors, administrators, successors, and assigns, shall well and truly, and in a manner satisfactory to the Postmaster-General, purchase, remove, and pay for the materials described in the foregoing contract, dated _____, 19 _____, for the purchase and removal of waste materials from the Post-Office Department during the fiscal year ending June 30, 19 _____, and in all other respects do and perform the covenants, agreements, and stipulations of such contract on their part to be performed, then this obligation to be void and of no effect; otherwise to remain in full force and virtue.

(Signature of principal:)

_____. [SEAL.]

(Signatures of sureties:)

_____. [SEAL.]
_____. [SEAL.]
_____. [SEAL.]

Signed and sealed in presence of—

_____.

The penalty of the bond is \$500 in the case of each contract for materials aggregating in value, on the basis of the estimates, \$1,000 or less; \$1,000 in each contract for materials aggregating in value on said basis over \$1,000 and not more than \$5,000, and \$2,000 in each contract for materials aggregating in value on said basis over \$5,000 and not more than \$10,000.

JUSTIFICATION OF SURETIES.

_____, County of _____, ss:

_____ being each first duly sworn before me, the undersigned; a _____, in and for said _____, depose and say, and each for himself says, that he signed the foregoing obligation, as surety; that his residence is therein correctly stated; that he is a freeholder of the _____, and that he is worth the sum here set against his signature, over and above all debts and liabilities, in property in said _____ not by law exempt from levy and sale on execution.

_____. \$_____.
_____. \$_____.
_____. \$_____.

Subscribed and sworn to before me this _____ day of _____, A. D. 19 _____.

NOTE.—The sureties must jointly justify in a sum equal to twice the penalty of the bond.

CERTIFICATE.

I certify that, to the best of my knowledge and belief, _____, one of the sureties to the foregoing obligation, is worth the sum of _____ dollars over and above all liabilities, exemptions, and incumbrances whatever.

Postmaster at _____.

_____, 19 _____.

I certify that, to the best of my knowledge and belief, _____, one of the sureties to the foregoing obligation, is worth the sum of _____ dollars over and above all liabilities, exemptions, and incumbrances whatever.

Postmaster at _____.

_____, 19 _____.

I certify that, to the best of my knowledge and belief, ———, one of the sureties to the foregoing obligation, is worth the sum of ——— dollars over and above all liabilities, exemptions, and incumbrances whatever.

Postmaster at ———, ———.

———, 19 .

These certificates must be signed by a postmaster, not by an assistant postmaster.

COMMITTEE ON EXPENDITURES

IN THE POST-OFFICE DEPARTMENT,

Thursday, April 2, 1908.

The committee met pursuant to adjournment yesterday, Hon. Irving P. Wanger in the chair.

TESTIMONY OF HON. JAMES T. McCLEARY, ACCOMPANIED BY MR. N. M. BROOKS, SUPERINTENDENT DIVISION OF FOREIGN MAILS—Continued.

The CHAIRMAN. Have you any suggestions to offer touching the compensation for the foreign-mail service?

Mr. McCLEARY. You mean the compensation to the companies or to the employees?

The CHAIRMAN. To the companies.

Mr. McCLEARY. Would you like a statement of what the compensation is and how we pay the companies, first?

The CHAIRMAN. There is a general statement on page 26 of the accountants' report, and if there is any inaccuracy therein we would like to have it pointed out.

Mr. McCLEARY. As far as I can see that is correct.

The CHAIRMAN. Do the vessels of United States register under contract receive any compensation in addition to the mileage compensation?

Mr. McCLEARY. None. The mileage compensation is in full, and it covers the total weight of mail regardless of what it may be, how much or how little. And therefore, Mr. Chairman, in the case, say, of the American Line which sails from New York for Southampton on Saturdays, we have made it the practice to give the mail to the American Line instead of to the Cunard Line, which has been sailing on the same day, except in the cases of the *Lusitania* and the *Mauretania*. Before those two ships were added to the Cunard Line, the *Lucania* and *Campania* were faster than the American Line steamers; but they arrived on the other side on Saturday evening, and we did not see any special advantage in expediting the mail while the American got in on Sunday. In either case, the mail would get to all parts of Great Britain by Monday morning ready for business. But when the *Lusitania* and the *Mauretania* were put into service the conditions changed somewhat. Should we under these new conditions continue sending all Saturday mail by the American Line? The question was simply this, in essence: Shall we sacrifice money in order to attain speed of delivery or shall we sacrifice speed in order to save money? We solved the problem by sending first-class mail by the *Mauretania* and *Lusitania*, and other mail by the American Line. When American steamers ran opposite to the *Campania*, the *Lucania*, and *Umbria*, and other steamers of the Cunard Line, we continued sending all Saturday mail by the American Line. The first-class

mail on the *Mauretania* and *Lusitania* would reach Great Britain on Thursday. So there was a real gain of at least one day and possibly two days, Friday and Saturday, so we felt justified in paying the Cunard for carrying this first-class mail, notwithstanding the fact that we could have had it carried on the American Line for nothing—that is, without any extra pay. In order to expedite that mail, we sent it by the *Mauretania* and the *Lusitania* when they were the ships opposite the American Line of ships sailing on Saturdays.

Now, the question has somewhat changed. The Cunard, beginning yesterday, changed the sailing day of its two fast steamers, the *Lusitania* and the *Mauretania*, to Wednesdays. That would bring those steamers opposite to White Star Line steamers, but as the White Star Line steamers are not of American register we have not any special problem. We use the vessels that give the greatest expedition, and, of course, in that case we use the two fast vessels of the Cunard Line.

The CHAIRMAN. You dispatch first-class mail to Great Britain by the steamer which will land it there at the earliest period after it is deposited in the mails here?

Mr. McCLEARY. Yes; in other words, we recognize that the business world wants its first-class mail handled with the utmost expedition, and that expedition is more important than money in that case—that is, the little money involved in the difference.

The CHAIRMAN. And what is the practice about dispatching prints or second-class matter?

Mr. McCLEARY. Other classes than first-class, you mean?

The CHAIRMAN. Yes; how frequent dispatches are there for that?

Mr. McCLEARY. Several times a week across the Atlantic. We use whatever vessels are going, except on Saturday, when we save all the mail for the American Line, because of the fact that they get their \$4 a mile on the outer trip, regardless of the amount of mail, and we are saving money by sending the mails that way.

The CHAIRMAN. What is the practice of the foreign countries in that respect?

Mr. McCLEARY. The same as ours. The British Government sends its mails by the Cunard Line, and so forth. The American Line has very little mail coming this way. You understand, Mr. Chairman, that the \$4 a mile paid to the American Line applies only on the outward trip, and not on the return trip.

The CHAIRMAN. There are British ships sailing in this direction on the same day that the American Line steamers sail?

Mr. McCLEARY. I think the Cunard Line steamers sail the same day. I am quite sure they do.

The CHAIRMAN. And do the French Line steamers sail the same day?

Mr. McCLEARY. I have forgotten about that. They do not carry many British mails. They carry French mails and continental mails.

In other words, Mr. Chairman, the practice is to use the line which will furnish the best service, with the single exception of our preferring the American Line on Saturday because of its receiving the \$4 per mile regardless of weight. On no other day of the week is there any special problem, except to determine which will give the best service, because the rate of pay is the same on whatever line we send the mails. The vessels being of foreign register, they get the sea pay.

The CHAIRMAN. There are two vessels of United States register that sail to Antwerp?

Mr. McCLEARY. Yes; the *Kroonland* and the *Finland*. They are very slow boats, nine to ten day boats, and we use them only for parcels post and specially addressed letters. That is, if you want to send a letter by one of those vessels and mark on the envelope "by steamer *Kroonland*," it will go that way, in compliance with your request. We assume that you know your business, and that you have some reasons satisfactory to you for wanting the letter to go by that vessel, and accordingly comply with your request.

The CHAIRMAN. In the absence of such a request, you endeavor to give the letter the most expeditious dispatch?

Mr. McCLEARY. Yes, sir; and toward the close of a month the dispatches are made up for the following month. We have all the sailing days, and a regular printed list of the dispatches is made up in the Department and sent to New York and other offices for the guidance of the officers there. For instance, about the 15th of this month we will begin making up the sailings for the month of May, and have that printed and posted in the New York office and elsewhere, so that all dispatching officers will know just what vessels to send the mails by.

The CHAIRMAN. In the case of dispatch of mail matter to South American ports what practice is pursued?

Mr. McCLEARY. The general policy is to send the mail in the way that will furnish the most expeditious service. There is only one line running regularly from our ports to Brazil and to Argentina. Of course to the Venezuelan ports we have the American line, the Red "D" Line. We send mails to Venezuela by the Red "D" Line, which operates under the contract system under the act of March 3, 1891. They receive \$1 a mile on the outer trip. But for the mails to Brazil and Argentina and the lower part of South America we have the Lamport & Holt Line, which has a sailing from New York once a month. At other times we send mails by "tramp" vessels, and some mails go around by Europe, across the ocean, and come back across the ocean to South America. We send the mails whichever way promises to give the most expeditious service.

The CHAIRMAN. If the forwarding to South American ports is via Europe, does the United States pay the entire cost of transportation?

Mr. McCLEARY. Yes. The Government of the United States pays the entire cost of transportation, paying double sea postage.

The CHAIRMAN. Are there statistics showing by what vessels mails have been dispatched to South American ports, and in what volume?

Mr. McCLEARY. The facts that you are inquiring about, Mr. Chairman, are published in the annual report of the superintendent of foreign mails. But that report is not now printed. You understand that within the last couple of years, Mr. Chairman, there has been considerable effort made to cut down the cost of public printing; and in the Post-Office Department the report of the superintendent of foreign mails, among others, is not now printed as a separate document. There is a brief of it printed in the report of the Second Assistant Postmaster-General, but the full report is not printed. We have typewritten copies of it in the office; and if you would like to embody in this hearing a statement of the sailings, we can furnish that to you; just what vessels, and the quantity of mail, and everything of that kind.

The CHAIRMAN. We would be very glad to have that. What would be the probable cost of furnishing a copy of your report?

Mr. McCLEARY. I have a statement in my desk which I can lend you, and then if you get it printed, the printed statement would serve every purpose. I would be pleased to have that done.

[Report referred to appears on page —.]

We have no direct line to the west coast of South America. But from Panama south, along the South American countries, Peru, Bolivia, Chile, and so on, for the countries on the west coast of South America, the mail is sent from Panama by vessels of the Pacific Steam Navigation Company, a British line, and we pay the Government of Great Britain for transporting that mail.

The CHAIRMAN. Are all mails to Porto Rico dispatched direct from this country there?

Mr. McCLEARY. We have two services to Porto Rico, Mr. Chairman. One is direct by the New York and Porto Rico Line, under a domestic contract, Porto Rico being a part of our own territory. This service is once in two weeks each way. Then we have an additional service in the alternate weeks by the Red "D" Line to Venezuela, which we authorized to stop, going and coming, at Porto Rico, so that the actual service to Porto Rico is weekly.

The CHAIRMAN. What is the significance of the expression "not under contract" on page 26, in paragraphs numbered 2 and 3 near the top of the page?

Mr. McCLEARY. Paragraph 2 refers to vessels of United States register not under contract—that is, not coming under the act of March 3, 1891. Such vessels receive for mail transportation the full sea and inland postage. Since the 1st of October last that is 80 cents a pound for letters and 8 cents a pound for other mail. Vessels of foreign register, of course, can not be under contract under the act of March 3, 1891, because one of the provisions of that law is that they shall be of American register. To such vessels the rates are those fixed in the International Postal Union, being 4 francs per kilo, or about 35 cents a pound for letters and 50 centimes per kilo, or about 4½ cents per pound for other mail. For instance, take the Cunard Line. It is of foreign register, and therefore can not have a contract under the act of March 3, 1891. Whatever mail we send by the Cunard Line is paid for at the rate of 35 cents a pound for mail of the first class and 4½ cents a pound for mail of other classes.

The CHAIRMAN. And no higher in the case of those swift ships than in the case of those of less speed?

Mr. McCLEARY. No, sir; that is the rate we pay to all lines and all vessels of foreign register—the British lines, the German lines, the French line, or any other foreign line.

The CHAIRMAN. Does the steamship company receive any additional compensation if there is a distributing office on board?

Mr. McCLEARY. Yes, sir; that is what we call the "sea post-office" service. We have the sea post service on the four vessels of the American Line—the *St. Louis*, the *St. Paul*, the *New York*, and the *Philadelphia*—and on the four vessels of the White Star Line that go to Southampton—the *Adriatic*, *Oceanic*, the *Teutonic*, and *Majestic*, but not the vessels of the White Star Line that go to Liverpool. We also have the sea post service on four vessels of the Hamburg-American Line and four vessels of the North German Lloyd Line.

Those vessels are the only ones between this country and Europe on which we have sea post service.

We pay nothing extra to the American Line. That is covered by the \$4 per mile. To the White Star and to the two German lines we pay extra. We pay for the room in which the mail is assorted and for the room in which it is stored, which is either adjoining at the side or below; also for the transportation of the sea post clerks, and for their meals and staterooms, at a price agreed upon under a contract covering a period of years. The Congress has placed at our disposal for sea post service \$130,000.

We have been unable to secure sea post service on the Cunard Line, on the French Line, on the Holland-American Line, or on the Scandinavian-American Line; or, in fact, on any of the other lines. The trouble in the case of the Cunard Line is that they want more money than we have at our disposal to pay for that specific service. That is also the trouble with the French Line. We have been in communication with the French Government in regard to this matter, and we have had a tender of the service; but the rate was so high that we have not been able to see our way clear to pay it. The French Line wants very much more than we are paying to either the English or the German line. The Cunard Line wants more than we pay other lines, but not anything like as much as the French Line.

We would be glad to extend the service to these other lines if we could get a rate that would seem to warrant it. We think that this is a valuable service, Mr. Chairman. When mail comes into New York assorted it can be immediately dispatched, while if it has to be assorted in the New York post-office—and the mail comes in by the thousands of sacks a day sometimes—the mail arriving to-day may not be distributed until to-morrow. On the other hand, if it arrives assorted the mail arriving to-day is in the hands of the business men this afternoon. In other words, the time of transit is saved. I mean we are utilizing the period of transit for the accomplishment of that which would have to be accomplished later if not done then.

The CHAIRMAN. And the compensation for assorting mail on the steamers is in part saved by what would have to be paid in the post-office on shore?

Mr. McCLEARY. We think it is quite saved, so far as the salaries of the clerks are concerned. The expense is in securing the space on shipboard for sorting purposes. "Rent" under such circumstances must of course be high. But at the rates charged by the companies on whose vessels we now have the sea-post service we regard the money expended for this service as well spent in the public interest.

The sea-post clerks are of two classes, receiving, respectively, \$1,300 a year and \$1,500 a year. They are also allowed \$2.50 a day for subsistence while they are on the other side, and if they have any necessary traveling expenses those expenses are paid. For instance, if a sea-post clerk arrives at Southampton and the vessel on which he went is to be out of service in the next trip, so that we want him to go over to Hamburg and take passage on a German ship coming this way, we pay his expenses in making that trip from Southampton to Hamburg.

The CHAIRMAN. Is that service specially sought for?

Mr. McCLEARY. It is very much sought for. We have hundreds of applications—about 1,000, I think—on file for transfer to the sea-

post service. Singular to relate, one young man who is in the sea-post service announced to me his intention to resign. He is studying stenography and intends to enter that field. But that is the only resignation from the sea-post service in recent days I can think of. These men are furnished first-cabin accommodations and eat in the first-class dining saloon. But they have to work very hard, an average, I am told, of from twelve to thirteen hours a day.

The CHAIRMAN. What is the line called "American mail," under the head of West Indies service?

Mr. McCLEARY. American mail, United States register, under contract.

The CHAIRMAN. Is that one of the United Fruit Company's lines?

Mr. McCLEARY. It is associated with them. Mr. Chairman, "American mail, United States register, under contract, \$1.68 per pound," means under contract under the act of March 3, 1891. The "\$1.68 per pound carried" is the estimate of these gentlemen who compiled this report as to what it cost per pound to carry that mail under the mileage rate.

The CHAIRMAN. Is that comment true of the next two statements?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. Then the statement is misleading as given here.

Mr. McCLEARY. Perhaps, but not necessarily. The cost per pound depends on the quantity of mail carried. For instance, comparing the Boulton, Bliss & Dallett contract with the American mail contract, the quantity of mail carried under the Boulton, Bliss & Dallett contract is such that the rate per pound is lower than under the American mail contract. Under contract there is a fixed pay per mile, and the less mail carried the higher the rate of pay per pound. Conversely, the more mail carried the lower the cost per pound of mail.

The CHAIRMAN. And are those items based upon mail carried in a year, or during what period?

Mr. McCLEARY. They are just the estimates of the compilers of this report. I can not say at this moment what they are based on.

The CHAIRMAN. There are no payments, as stated, per pound carried, to any American ship under contract?

Mr. McCLEARY. No, sir; none to vessels operating under the act of March 3, 1891.

The CHAIRMAN. Well, whether under that act or under any other contract, there is no agreement with an American ship of the International Mercantile Marine carrying mail at an average of 24.8 cents per pound?

Mr. McCLEARY. No, sir; that is also the estimate of the compiler. The International Mercantile Marine contract is under the act of March 3, 1891. Their vessels are of 20 knots, and therefore they get \$4 per mile on the outward trip. Now, the equivalent in cost per pound is the work of the gentlemen compiling this report. It is probably estimated on the weights of mail carried under the contract and the number of miles traveled. The computation is not made in my office, and I assume no responsibility for its trustworthiness.

The CHAIRMAN. The statement is made in the concluding paragraph under No. 1 on page 26:

Contracts are stated to be made with the lowest responsible bidder, but, presumably because the rates are specified in the act, it does not appear that any bidder is forthcoming with bids lower than those stated in the act.

Mr. McCLEARY. That is not true. I can recall two contracts in which we have rates lower than those authorized by law. The law says "not to exceed" \$4 a mile for vessels of 20 knots; "not to exceed" \$2 per mile for vessels of 16 knots; "not to exceed" \$1 per mile for vessels of 14 knots, and "not to exceed" 66 $\frac{2}{3}$ cents per mile for vessels of 12 knots. There are two contracts where the rate is lower than the maximum permitted by law. One of them is between New York and Mexico. The New York and Cuba Mail Company carries mail under contract between New York and Veracruz, Mexico, stopping at Habana, Cuba, going and returning. This company uses in this service some vessels that would be entitled to a higher rate than that received. They have one or two vessels which would be entitled to the second class, but they serve under the third class and are paid at third-class rates. They are qualified for the second-class rate—that is, the \$2 rate—but they are receiving the third-class rate of \$1 per mile. That was their own proposition and no requirement of the Department. And there is one other line in which the rate is lower than the grading of the vessel would warrant.

The CHAIRMAN. I do not know whether I asked the question before, whether all the foreign ships between the United States and Europe receive the same rate?

Mr. McCLEARY. Yes, sir; they all get the same rate, namely, the International Postal Union rate, 35 cents per pound for first-class mail and 4 $\frac{1}{2}$ cents per pound for other mail.

The CHAIRMAN. Would there be any advantage in providing that a distinction should be made based upon speed and other considerations?

Mr. McCLEARY. Well, I think these rates are determined by a general agreement among the nations.

Captain BROOKS. Those rates are established by the Postal Union and apply only to settlements of accounts between the countries, and do not affect the rates to be paid by one country for the ocean transit of its mails. For instance, we pay the American Line \$4 a mile. We can not collect that \$4 in any country. We have got to collect the rate of 4 francs per kilo. Each country pays for the outward transportation of mails, controlling entirely the rates of payment.

The Postal Union rates apply only to the settlement of the international transit accounts. We could not, under our statute, pay any more for the transportation of our mail from this country to Europe than the amount we do pay. Section 4009 of the Revised Statutes provides that to vessels of foreign register the Postmaster-General may award as compensation "not to exceed the sea postage." That term "sea postage" has been construed by our Government to mean the rates fixed by the International Postal Convention for the settlement of the international transit accounts. We can not pay more than that. We might reduce it, but we can not pay more. Under the same section of the statute it is provided that to vessels of United States register we may pay all the postage we collect.

The CHAIRMAN. We will be glad to have any suggestions from you in aid of our duties toward securing retrenchment, abolishment of useless offices, and the general economy of the service, as well as the protection of the Government from all unjust and unreasonable demands; and if anything occurs to you later along those lines, we will be pleased to have it.

Is there anything, Captain, which you would like to suggest, in addition to what we have had this morning?

Captain BROOKS. No, sir; I do not now think of anything.

The CHAIRMAN. Can you tell us how to transport the mails across the seas quicker, or at less cost, than is now being done?

Captain BROOKS. Well, if you want it at less cost, you would probably do away with your contract—a \$4-a-mile contract—and the boat which has the best record for speed, which would almost invariably be a foreign boat, would get the mails. Before the act of March 3, 1891, was enacted the mails for Great Britain had been assigned to competing steamers on a difference of seven minutes between the post-office of New York and the post-office of London. You see, the competition for that port at the rates is sharp. They all want it. If you made a mistake in the assignment of mails under the old rules, you were immediately in trouble. The representatives of the American Line, for instance, would come up and say, "You gave the North German-Lloyd the mail when our boat was entitled to it," and then we would pull the records on them. We get a report from London showing the hour and the minute that the mails were dispatched from this side and the hour and the minute they reached the London office. We get that report every week, and it is a factor in making the assignment of mails in our monthly schedule. We get the same report from Paris by the French Line. If it comes simply and solely to a matter of reduction of cost, that is the way you would get it. That would, of course, to a great extent nullify our sea post-offices; maybe not to a great extent, but to a certain extent. Every new fast boat that is put on the trans-Atlantic service is immediately tendered to the Department for the conveyance of the mails. As I said, the competition is sharp between the various lines, and they watch each movement of the Department very jealously.

The CHAIRMAN. Do you know what rates are paid by the foreign governments to their steamers for carrying the mails?

Captain BROOKS. Well, I have not any very late figures; but the figures made a few years ago by the British Government showed about the same as our own.

The CHAIRMAN. That is, about the same that we pay to the British ships?

Captain BROOKS. No; about the same as we pay to our ships. And the same was true at that time of the German boats. While the German boats to a certain extent had a subsidy, they are paid by weights for the conveyance of the mails, and their contract with the steamers covered other items of the service.

The CHAIRMAN. The two new fast steamers of the Cunard Line get a very large subsidy from the Government?

Captain BROOKS. Yes.

Mr. McCLEARY. My recollection is that the British Government placed at the disposal of the Cunard Line \$13,000,000 with which to construct the ships, repayable in twenty years with interest at the rate of 2½ per cent per annum, and that the British Government pays £150,000 per annum (\$750,000) to each vessel in addition to what it pays for the transportation of the mails, some three hundred and odd thousand dollars. I know that when the man who built the *Mauretania* was at a banquet that I attended in New York, he took occasion to say, "We have no subvention from the British Government. The Cunard Line has none. We have an arrangement which makes harsh terms with the company and very carefully safe-

guards the interests of the British nation." Some one in the room suggested that just such an arrangement would put a great many ships on the seas carrying the American flag. Our people would not want anything better. A gentleman there said "I would take a contract to put 20 ships on the seas on the same harsh terms that the British Government demanded of you." In other words, Mr. Chairman, the carrying of the mails is only one of the things that the Government has to do. It has to look out for the common defense and the general welfare, and in determining what to do in that regard, the Government must remember its whole duty and not simply one thing.

(The committee thereupon adjourned to meet to-morrow, Friday afternoon, at 2.30 o'clock p. m., April 3, 1908.)

[Report referred to on page —.]

REPORT OF THE SUPERINTENDENT DIVISION OF FOREIGN MAILS.

POST-OFFICE DEPARTMENT,
OFFICE OF THE SECOND ASSISTANT POSTMASTER-GENERAL,
DIVISION OF FOREIGN MAILS,
Washington, D. C., October 30, 1907.

SIR: I have the honor to submit the following report of the principal operations in connection with the foreign mail service during the fiscal year ended June 30, 1907. The weights of the mails dispatched by sea to foreign countries were:

	Grams.	Pounds.
Letters and post cards.....	942, 456, 792	2, 078, 117
Other articles.....	6, 047, 488, 668	13, 344, 713
Total.....		15, 422, 830

Of the foregoing, the mails for trans-Atlantic destinations comprised—

	Grams.	Pounds.	Per cent.
Letters and post cards.....	783, 567, 940	1, 727, 767	83. 14
Other articles.....	3, 451, 116, 641	7, 609, 712	57. 06

During the fiscal year ended June 30, 1906, the weights were as follows:

	Grams.	Pounds.
Letters and post cards.....	823, 243, 583	1, 815, 252
Other articles.....	5, 581, 235, 706	12, 306, 625
Total.....		14, 121, 877

The mails for trans-Atlantic destinations comprised—

	Grams.	Pounds.	Per cent.
Letters and post cards.....	680, 888, 194	1, 501, 358	82. 71
Other articles.....	3, 389, 434, 539	7, 473, 703	60. 73

A comparison of the foregoing statements shows the weights of the mails to have increased as follows, viz:

	Increase.	
	Pounds.	Per cent.
Trans-Atlantic:		
Letters and post cards.....	226, 409	15. 08
Other articles.....	136, 009	1. 82
Other destinations:		
Letters and post cards.....	36, 456	11. 61
Other articles.....	902, 079	18. 67
Aggregate:		
Letters and post cards.....	262, 865	14. 48
Other articles.....	1, 038, 088	8. 44

The following statement (A) shows the weights of the mails conveyed and the amount of compensation received by each of the different lines of steamers, as well as which are of United States and which of foreign register; and statement (B) shows the weights of foreign closed mails forwarded from the United States by the different lines of steamers and the compensation paid to each line for their conveyance.

A.—Statement showing the net weights of the United States mails conveyed by the steamers appointed to transport the mails to foreign countries, and the rate and amount of compensation paid therefor.

(1) Steamers of United States register not under contract receive \$1.60 per pound for letters and post cards and 8 cents per pound for other articles.

(2) Steamers of foreign register and all sailing vessels receive 5 francs per kilogram (about 44 cents per pound) (2.205 pounds=1 kilogram) for letters and post cards and 50 centimes per kilogram (about 4½ cents per pound) for other articles.

TRANSATLANTIC SERVICE.

[The sailings are from New York except when otherwise stated.]

Name of line.	Letters.	Prints.	Compensation.
	Grams.	Grams.	
International Mercantile Marine Co., contract service ^a	181, 271, 402	887, 666, 259	\$691, 224. 00
International Mercantile Marine Co., Red Star ^a		1, 212, 655	213. 92
International Mercantile Marine Co., Red Star ^b		964, 800	93. 11
International Mercantile Marine Co., American, from Philadelphia ^b	845	296, 560	29. 33
White Star ^b	194, 687, 319	771, 186, 563	262, 292. 77
White Star, from Boston ^b	2, 779, 110	7, 013, 462	3, 358. 64
White Star ^b		18, 121, 447	1, 459. 22
Cunard ^b	80, 615, 546	360, 453, 161	112, 577. 74
Cunard, from Boston ^b	956, 275	4, 427, 970	1, 350. 10
Cunard ^b		3, 157, 683	304. 72
North German Lloyd ^b	147, 268, 250	679, 714, 234	207, 706. 29
Hamburg-American ^b	68, 592, 214	319, 591, 258	97, 032. 04
Hamburg-American, from Porto Rico ^b	661	13, 861	1. 97
General Trans-Atlantic to France direct ^{b c}	102, 247, 874	370, 263, 139	125, 932. 31
Compagnie Generale Transatlantique, Porto Rico to France direct ^{b c}	98, 270	84, 073	144. 32
Holland-American ^b	4, 512, 285	19, 208, 696	6, 207. 99
Scandinavian-American ^b		9, 870, 883	1, 094. 51
Campania Trans-Atlantica Espanola, Porto Rico to Spain direct ^b	290, 963	372, 672	316. 74
Insular Navigation Co. ^b	208, 801	448, 270	244. 75
Holland-American ^{b c}			163. 90
Frank Zotti ^b	33, 600	45, 885	126. 63
Pinillos Ezquerdo & Co., Porto Rico to Spain direct ^b	4, 535	4, 110	4. 77
Total.....	783, 567, 940 d 1, 727, 767	3, 451, 116, 641 d 7, 609, 712	1, 385, 783. 56

^a American register.

^b Foreign register.

^c Settled for in account of balances due foreign countries.

^d Pounds.

A.—Statement showing the net weights of the United States mails conveyed by the steamers appointed to transport the mails to foreign countries, and the rate and amount of compensation paid therefor—Continued.

TRANS-PACIFIC SERVICE.—STEAMERS OF UNITED STATES REGISTER.

[See note (1) at the head of this statement.]

Name of line.	Letters.		Prints.		Compensation.
	Grams.	Pounds.	Grams.	Pounds.	
Pacific Mail:					
San Francisco to Hongkong via Hawaii and Japan.....	11,407,496	25,154	163,907,615	361,416	\$69,158.96
United States postal agency, Shanghai to San Francisco.....	798,799	1,761	2,365,906	5,217	3,235.50
Great Northern Steamship Co.:					
Seattle to Hongkong via Japan.....	3,588,744	7,913	37,424,904	82,522	19,262.85
United States postal agency, Shanghai to Seattle.....	190,489	420	614,213	1,354	780.38
Boston Steamship Co.:					
Seattle to Hongkong via Japan.....	1,526,964	3,367	20,257,461	44,668	8,960.54
Boston Towboat Co.:					
Seattle to Hongkong via Japan.....	120,274	265	628,153	1,385	535.14
Oceanic:					
San Francisco to Australasian colonies (contract service).....	7,885,777	17,388	166,793,885	367,781	133,272.00
San Francisco to Tahiti and Marquesas Islands (contract service).....	168,780	372	2,325,337	3,127	25,308.00
Total.....	25,687,323	56,640	394,317,474	867,470	260,513.37

TRANSPACIFIC SERVICE.—STEAMERS OF FOREIGN REGISTER.

[See note (2) at the head of this statement.]

Name of line.	Letters.		Prints.		Compensation.
	Grams.	Pounds.	Grams.	Pounds.	
Oriental:^a					
San Francisco to Hongkong via Hawaii and Japan.....	9,268,035		133,299,703		\$21,807.08
United States postal agency, Shanghai to San Francisco.....	396,336		1,219,231		500.12
Occidental and Oriental:					
San Francisco to Hongkong via Hawaii and Japan.....	5,374,448		76,358,031		12,554.90
United States postal agency, Shanghai to San Francisco.....	434,618		1,237,955		538.86
Nippon Yusen Kaisha Co.:					
Seattle to Hongkong via Japan.....	6,223,136		75,004,712		13,243.29
United States postal agency, Shanghai to Seattle.....	399,570		4,926,831		861.02
Ocean: Seattle to Hongkong via Japan.....	557,320		7,029,764		1,216.19
Portland and Asiatic: Portland to Japan.....	920,802		1,443,164		1,027.83
China Mutual Steam Navigation Co: Seattle to Hongkong via Japan.....	524,040		4,066,723		898.14
Allen Line: Pago Pago to Apia.....	30,712		34,418		32.96
Manua Cooperating Co.....	883		2,551		1.11
Total.....	24,129,910		304,623,083		52,681.50
	<i>b</i> 53,206		<i>b</i> 671,645		

^a Settled for in account of balances due foreign countries.^b Pounds.

MISCELLANEOUS SERVICE.—STEAMERS OF UNITED STATES REGISTER.

[See note (1) at the head of this statement.]

Name of line.	Letters.		Prints.		Compensation.
	Grams.	Pounds.	Grams.	Pounds.	
New York and Cuba mail:					
New York to Cuba and Mexico (contract).....	4,361,750	9,618	75,830,830	167,207	\$130,884.00
New York to Cuba (contract).....	471,820	1,040	11,435,980	25,216	71,032.00
Southern Pacific: New Orleans to Cuba.....	992,200	2,188	9,784,910	21,576	5,226.53
Red "D" (Boulton, Bliss & Dallett):					
New York to Porto Rico, Venezuela, and Dutch West Indies (contract).....	6,088,805	13,426	85,193,720	187,852	63,315.20
New York to Maracalibo and Dutch West Indies (contract).....	1,612,550	3,556	36,541,240	80,573	44,142.80
Panama R. R. Steamship Line: New York to Colon.....	18,553,749	40,911	415,387,725	915,930	137,179.17

A.—Statement showing the net weights of the United States mails conveyed by the steamers appointed to transport the mails to foreign countries, and the rate and amount of compensation paid therefor—Continued.

MISCELLANEOUS SERVICE—STEAMERS OF UNITED STATES REGISTER—Continued.

Name of line.	Letters.		Prints.		Compensation.
	Grams.	Pounds.	Grams.	Pounds.	
Clyde: New York to Haiti and Santo Domingo.....	2,225,650	4,907	27,990,955	61,698	\$12,767.93
American Mail: Boston and Philadelphia to Jamaica (contract).....	1,588,840	3,503	17,938,086	39,553	106,336.67
Pacific Mail: San Francisco to Panama.....	415,802	917	3,133,570	6,910	1,953.36
Pacific Coast:					
San Francisco to Mexico.....	26,201	58	482,414	1,064	177.53
San Francisco to British Columbia.....	37,775	83	102,273	226	32.96
Total.....	36,375,142	80,207	683,811,703	1,507,805	573,098.15

* Compensation, 1 cent a letter.

MISCELLANEOUS SERVICE—STEAMERS OF FOREIGN REGISTER.

[See note (2) at the head of this statement.]

Name of line.	Letters.		Prints.		Compensation.
	Grams.	Grams.	Grams.	Grams.	
Atlas, New York to Haiti, Jamaica, Bahamas, etc.....	5,903,805	134,711,071			\$18,696.78
Hamburg-American, Porto Rico to Haiti, San to Domingo, Cuba, and Venezuela.....	146,066	330,974			172.99
Royal Dutch West India Mail, New York to Haiti, West Indies, and Venezuela.....	256,380	2,977,990			534.77
Quebec, New York to West Indies and Venezuela.....	2,220,135	27,502,605			4,796.42
Royal Mail Steam Packet Co., New York to Jamaica, West Indies, Panama, Colombia, and Venezuela.....	1,683,610	23,631,700			3,905.14
Trinidad Shipping and Trading Co., New York to West Indies and Venezuela.....	1,340,310	20,186,319			3,241.88
New York and Demerara, New York to West Indies.....	265,785	3,329,590			577.74
Earn, Philadelphia to West Indies.....	11,870	105,045			21.59
Lampport and Holt, New York to Brazil, Argentina, Uruguay, and Paraguay.....	2,930,305	82,577,350			10,791.45
Booth, New York to Brazil, Argentina, Uruguay, and Paraguay.....	1,772,855	24,274,224			4,053.26
Prince, New York to Brazil, Argentina, Uruguay, and Paraguay.....	968,720	29,724,950			3,803.28
Sloman's United States and Brazil, New York to Brazil, Argentina, Uruguay, and Paraguay.....	732,035	29,806,510			3,582.74
Tweedie Trading Co., New York to Brazil, Argentina, Uruguay, and Paraguay.....	275,010	9,835,155			1,214.47
Barber, New York to Argentina, Uruguay, and Paraguay.....	901,850	20,899,730			2,867.11
Houston, New York to Argentina, Uruguay, and Paraguay.....	451,835	13,715,640			1,759.56
Norton, New York to Argentina, Uruguay, and Paraguay.....	496,405	10,623,415			1,494.54
Howard, Houlder, Rowat & Co., New York to Argentina, Uruguay, and Paraguay.....	450,415	8,114,365			1,217.68
New York and Cuba Mail, New York to Bahamas.....	661,640	9,248,295			1,530.94
Peninsular and Occidental, Miami to Bahamas.....	559,120	2,826,675			812.32
Nassau, Jacksonville, Fla., to Bahamas.....	15,290	115,615			25.91
Florida Refining Co., Jacksonville, Fla., to Bahamas.....	14,930	128,440			28.80
Thompson, Tampa to Bahamas.....	1,900	240			1.94
Kemp, Miami to Bahamas.....	1,620	1,440			1.70
Quebec, New York to Bermuda.....	1,917,550	14,881,285			3,286.09
Munson, Mobile to Cuba.....	903,420	5,652,182			1,417.24
Herrera, Porto Rico to Cuba and Haiti.....	527,490	1,132,520			618.31
Compañía Transatlántica Española, Porto Rico to Cuba, Mexico, Republic of Panama, and Costa Rica.....	137,110	279,636			159.29
Compañía Anónima de Navegación, Porto Rico to Cuba and Santo Domingo.....	23,951	46,970			27.64
Southern Pacific, New Orleans to Cuba.....	56,947	411,026			94.62
Pinillos Yzquierdo & Co., Porto Rico to Cuba.....	57,069	114,860			66.18
Norton, Porto Rico to Cuba.....	2,465	5,442			2.94
Direct, New York to Mexico and Venezuela.....	79,315	1,200,600			192.41
Atlantic and Mexican Gulf, Mobile to Mexico.....	11,540				11.13
United Fruit:					
Boston to Jamaica and Costa Rica.....	325,080	6,052,407			897.76
Boston and New York to Santo Domingo.....	1,650	44,070			5.85
Philadelphia to Santo Domingo.....	267,645	5,328,446			772.48
Compagnie Generale Trans-Atlantique, Porto Rico to Santo Domingo, Haiti, West Indies, and Cuba.....	377,389	591,767			220.36

* Settled for in account of balances due foreign countries.

A.—Statement showing the net weights of the United States mails conveyed by the steamers appointed to transport the mails to foreign countries, and the rate and amount of compensation paid therefor—Continued.

MISCELLANEOUS SERVICE—STEAMERS OF FOREIGN REGISTER—Continued.

[See note (2) at the head of this statement.]

Name of line.	Letters.	Prints.	Compensation.
	<i>Grams.</i>	<i>Grams.</i>	
Royal Mail Steam Packet Co., Porto Rico to Santo Domingo.	1,361	15,874	\$2.85
United Fruit:			
New Orleans and Mobile to Colombia, Republic of Honduras, Guatemala, Republic of Panama, etc.	5,609,906	117,197,493	16,723.17
New Orleans to British Honduras.	886,401	10,569,537	1,875.36
Orr-Laubenthaler Co., New Orleans to British Honduras.	40,089	4,693	39.14
Planters, New Orleans to Republic of Honduras.	285,553	7,804,720	1,028.72
Vacario Brothers & Co., New Orleans to Republic of Honduras.	303,234	5,230,718	797.38
Oteri, New Orleans to Republic of Honduras.	97,940	1,602,908	240.18
Hubbard Zumurray, New Orleans to Republic of Honduras.	19,132	449,460	61.84
Bluefields, New Orleans to Nicaragua.	615,937	13,379,189	1,885.47
Carners McConnell & Co., Mobile to Panama.	1,146,834	4,098,728	1,502.22
Dominion Atlantic, ^a Boston to Nova Scotia.	8,080,340	49,915,259	7,133.49
Canada Atlantic and Plant, ^a Boston to Nova Scotia.	1,109,589	7,345,549	1,026.72
Red Cross, New York to Newfoundland.	24,630	2,108,995	295.14
Allan, Philadelphia to Newfoundland.	16,115	811,979	118.58
Kosmos, San Francisco to Central and South America.	10,289	132,369	22.70
United Tyser, New York to Australia.		3,140,515	303.06
Pacific Steam Navigation Co., Panama to Chile.			1,141.36
Brazilian, New York to Brazil, Argentina, Uruguay, and Paraguay.	749,250	24,857,410	3,121.76
United Fruit, Baltimore to Santo Domingo.	30,800	846,060	111.42
Total.	45,828,172 6101,151	6739,920,105 61,631,523	110,367.74

^a Compensation 1 cent a letter.

^b Pounds.

(1) Weights included in weights of Panama Railroad Steamship Company and paid to Great Britain.

B.—Statement showing the net weights of the closed mails of foreign origin forwarded and the amounts paid by this Department to the steamers which conveyed them from the United States.

[Compensation at the rate of 5 francs per kilogram for letters and post cards and 50 centimes per kilogram for other articles.]

Name of line.	Letters.	Prints.	Compensation.
	<i>Grams.</i>	<i>Grams.</i>	
TRANSATLANTIC SERVICE—NONCONTRACT.			
White Star.	53,359,283	188,418,425	\$69,674.08
North German Lloyd.	35,039,330	124,175,107	45,795.84
Cunard.	26,548,463	88,671,485	34,176.07
Hamburg-American.	13,980,750	48,860,075	18,216.07
Holland-American.	766,652	1,796,212	913.15
Total non-contract trans-Atlantic.	129,704,478 ^a 285,998	451,921,304 ^a 990,486	168,775.21
MISCELLANEOUS SERVICE—NONCONTRACT.			
Panama R. R. Co. (Colon to Panama) ^b .	6,306,196	162,769,585	31,968.45
Panama Steamship Line (New York to Colon).	6,771,784	171,701,879	23,104.00
United Fruit Co. (New Orleans to Guatemala and Costa Rica).	4,729,076	70,153,765	11,333.39
Hamburg-American (Atlas).	2,017,764	60,144,759	7,751.11
Pacific Mail.	1,716,274	18,238,800	3,416.26
Oriental.	1,600,932	17,438,190	3,227.69
Nippon Yusen Kabushiki Kaisha ^c .	842,427	12,381,474	2,007.76
Great Northern.	740,248	10,686,069	1,745.55
Occidental and Oriental.	446,523	5,887,920	999.09
Boston Steamship Co.	387,250	5,694,179	923.57
United Fruit Co. (of British origin, New Orleans to British Honduras) ^c .	634,790	6,215,522	855.48
Royal Mail Steam Packet Co.	302,691	5,467,127	819.68
New York and Cuba Mail (New York to Bahamas) ^c .	359,034	4,822,017	811.80
Dominion Atlantic Rwy. Co.	160,248	6,732,410	804.32
Royal Dutch West India Mail ^c .	119,602	2,801,665	385.78
Peninsular and Occidental (Miami to Bahamas) ^c .	155,935	1,702,805	314.80

^a Pounds.

^b The weights of the mails conveyed from Colon to Panama are included in those conveyed from New York to Colon.

^c Settled for in account of balances due foreign countries.

B.—Statement showing the net weights of the closed mails of foreign origin forwarded and the amounts paid by this Department to the steamers which conveyed them from the United States—Continued.

Name of line.	Letters.	Prints.	Compensation.
MISCELLANEOUS SERVICE—NONCONTRACT—continued.			
United Fruit (other than British, New Orleans to British Honduras)	<i>Grams.</i> 50,154	<i>Grams.</i> 1,529,119	\$195.95
Nippon Yusen Kaishiki Kaisha	91,923	1,089,697	193.86
United Fruit Co. (Philadelphia to Jamaica and Dominican Republic)	53,905	573,005	37.31
Clyde	2,890	1,030,470	102.23
Portland and Asiatic		907,076	87.53
Bluefields	3,174	700,836	70.69
Quebec		660,890	63.77
Florida Refining Co.	25,070	236,841	47.05
United Fruit Co. (Boston to Jamaica)	15,645	167,755	31.28
Booth		306,740	29.50
Southern Pacific	260	166,572	16.33
Lampport and Holt		131,975	12.73
Trinidad Shipping and Trading Co.		103,865	10.02
Barber		77,805	7.51
Norton		74,450	7.18
Brazilian	900	64,715	7.12
Prince		61,705	5.96
Tweedie Trading Co.	450	42,115	4.50
Houston		40,365	3.89
Howard Houlder Rawat & Co.		30,845	2.96
Planters		25,257	2.44
Ocean	822	6,350	1.41
Sloman		14,510	1.40
Total noncontract miscellaneous	21,229.771 a 46,812	408,115,539 a 899,895	91,481.37
Total noncontract service	150,934.249 a 332,810	860,036,843 a 1,896,381	260,256.58
CONTRACT SERVICE.			
[Conveyed by vessels under contract with this Department and without additional cost.]			
International Mercantile Marine Co.	18,523,454	64,210,970	
New York and Cuba Mail (New York to Cuba)	1,701,881	27,991,816	
Reg "D"	1,035,018	18,809,983	
American Mail	665,681	4,934,173	
Oceanic	214,893	3,674,943	
Total contract service	22,140,327 a 48,819	119,621,845 a 263,766	
Aggregate	173,074.576 a 381,629	979,658,688 a 2,160,147	260,256.58

a Pounds.

It is estimated that the sum of \$8,573,775.46 was received by this Department as postage on articles exchanged with all foreign countries, and that of that sum the postage collected on the articles exchanged with foreign countries, other than Canada and Mexico, amounted to \$6,579,043.48, or \$3,637,226.81 more than the net cost of the service, exclusive of the cost of transporting the articles between the United States exchange post-offices and the United States post-offices at which they were mailed or delivered.

The amount of postage estimated to have been collected during the year, as above stated, is only an estimate, but it is based upon the amount actually collected on articles exchanged during the first seven days of October and April last, and consequently must be accepted as approximately correct; so that it may be safely assumed that, even after adding the expense of transporting the articles between the United States exchange offices and the offices of mailing or delivery in this country—of which this office has no data upon which to base an intelligent estimate—the postage collected in the United States largely exceeds the gross expense incurred by this Department in connection with the mails exchanged with foreign countries.

ESTIMATE FOR THE FISCAL YEAR 1908-9.

The amounts estimated as necessary to be appropriated for the fiscal year ending June 30, 1909, are as follows, viz:

For the sea transportation of the mails, including foreign closed mails; the railway transit across the Isthmus of Panama; the cost of maintaining the United States postal agency at Shanghai, and contingencies, including casualties.....	\$3,344,500.00
For the expense of maintaining 28 sea post-offices on steamers plying between New York and Great Britain and Germany.....	130,000.00
For transfer service in New York Harbor.....	39,000.00
Total on account of transportation.....	3,513,500.00
For balances due foreign countries, including the United States, share of the expenses of the International Bureau of the Universal Postal Union; this Department's annual subscription for the monthly Journal l'Union Postale, the Universal Dictionary of Post-Offices published by that bureau, and for contingencies.....	179,000.00
For the salary of the assistant superintendent division of foreign mails, stationed in New York, N. Y.....	2,500.00
Aggregate.....	3,695,000.00

The foregoing estimate is based upon the known cost of the contract ocean mail service under the act of Congress of March 3, 1891, as determined by the terms of the contracts fully executed prior to the date of this report, and upon the percentage of increase of other items of business of this fiscal year over similar items of the fiscal year ended June 30, 1906, as follows, viz:

Route No. 36, "O. M. S.," New York to La Guaira—27 trips of 2,435.2 miles—65,750.4 statute miles, at \$1 a mile.....	\$65,750.40
Route No. 37, "O. M. S.," New York to Maracaibo—27 trips of 2,546.7 miles—68,760.9 statute miles, at 66½ cents a mile.....	45,840.60
Route No. 57, "O. M. S.," New York to Southampton—53 trips of 3,641 miles—192,973 statute miles, at \$4 a mile.....	771,892.00
Route No. 69, "O. M. S.," New York to Tuxpam—53 trips of 2,502 miles—132,606 statute miles, at \$1 a mile.....	132,606.00
Route No. 70, "O. M. S.," New York to Habana—53 trips of 1,366 miles—72,398 statute miles, at \$1 a mile.....	71,398.00
Route No. 74, "O. M. S.," from Boston to Port Antonio—79 trips of 1,829 miles—144,491 statute miles, at 66½ cents a mile; and from Philadelphia to Port Antonio—27 trips of 1,642 miles—44,334 statute miles, at 66½ cents a mile.....	125,883.00
Route No. 75, "O. M. S.," San Francisco, Cal., to Sydney, New South Wales, via Honolulu, Pago Pago, and Auckland—18 trips of 8,329½ miles—149,931 statute miles, at \$2 a mile.....	299,862.00
Route No. 76, "O. M. S.," San Francisco, Cal., to Tahiti—10 trips of 4,218 miles—42,180 statute miles, at \$1 a mile.....	42,180.00
Total contract service.....	1,556,412.00
Steamers of United States register not under contract (15 per cent increase).....	298,465.00
Steamers of foreign register (15 per cent increase).....	1,131,015.00
One-half the cost of maintaining sea post-offices on five lines of steamers, 260 round trips, at \$500 per trip.....	130,000.00
Transfer service in New York Harbor.....	39,000.00
For transporting foreign closed mails (15 per cent increase).....	299,295.00
Panama Railroad Company (10 per cent increase).....	52,217.00
Expense of postal agency at Shanghai (10 per cent increase).....	5,668.00
For the salary of the assistant superintendent, division of foreign mails, stationed at New York, N. Y.....	2,500.00
For contingencies, including casualties.....	1,428.00

Total on account of transportation of mails..... 3,516,000.00

The "balance due foreign countries" are for expenses incurred in the intermediary transportation of international mails, and are determined by statistics taken during a period of twenty-eight days. The expenses for the fiscal year ending June 30, 1909, will be determined by the statistics taken in November, 1907, which will probably show the annual charge against this Department to be not less than..... \$175,000.00

For the United States share of the expenses of the International Bureau of the Universal Postal Union, including this Department's subscription to the monthly journal *L'Union Postale* and for the Universal Dictionary of Post-Offices..... 3,000.00
For contingencies, including casualties..... 1,000.00

Total on account of balances due foreign countries..... \$179,000.00

Total estimates..... 3,695,000.00

NUMBER OF ARTICLES SENT TO AND RECEIVED FROM FOREIGN COUNTRIES.

C.—*Estimate of the number of articles exchanged with all foreign countries (including Canada and Mexico, by rail and sea) during the fiscal year ended June 30, 1907, based upon the count of such matter exchanged during seven days of October, 1906, and seven days of April, 1907, as made at United States exchanging post-offices, pursuant to the Postmaster-General's order of January 30, 1903, and the amount of postage estimated to have been received thereon.*

	Sent.	Received.	Total.	Excess of sent over received.	Excess of received over sent.
Prepaid letters.....	135,985,817	132,948,093	268,933,910	3,037,724	.....
Unpaid and short letters.....	2,319,188	7,261,788	9,580,976	.....	4,942,600
Postal cards.....	24,700,526	25,084,156	49,784,682	.....	383,630
Postal cards with paid reply.....	131,060	94,161	225,251	36,929	.....
Articles of printed matter.....	129,108,304	76,560,113	205,668,417	52,548,191	.....
Commercial papers.....	722,443	418,068	1,140,511	304,375	.....
Packages of samples of merchandise.....	1,443,794	1,697,280	3,141,074	.....	253,486
Letters free of postage.....	701,727	596,070	1,297,797	.....	105,657
Other articles free of postage.....	91,596	41,666	133,262	49,930	.....
Registered letters.....	3,754,628	2,553,402	6,308,030	1,201,226	.....
Other articles registered.....	687,769	708,107	1,395,876	20,338	.....
Total.....	299,646,882	247,962,904	547,609,786	57,198,713	5,685,373
Demand for return receipts.....	199,604	99,457	299,061	.....	.....
Postage prepaid on letters sent.....	\$5,676,229.37	.....	\$5,676,229.37	.....	.....
Postal cards sent.....	402,833.06	.....	402,833.06	.....	.....
Other articles.....	1,809,651.22	.....	1,809,651.22	.....	.....
Postage due on letters.....	.....	\$682,709.58	682,709.58	.....	.....
Postage due on other articles.....	.....	2,352.23	2,352.23	.....	.....
Total.....	.....	685,061.81	8,573,775.46	.....	.....

NOTE.—The postage due and unpaid on articles sent abroad amounted to \$112,516.97.

SEA POST-OFFICES.

The international sea post-offices have been in continuous operation upon the fast steamers of the North German Lloyd Steamship Company, the Hamburg-American Line, the International Mercantile Marine Company, and the White Star Line, during the fiscal year ended June 30, 1907, as follows:

	Number of trips.	Articles distributed.			Number of hours on duty
		Ordinary articles.	Registered articles.	Sacks of prints.	
North German Lloyd and Hamburg-American from New York.....	64	7,936,450	109,701	10,246	4,682
Average per trip from New York.....		124,007	1,714	160	73
North German Lloyd and Hamburg-American from Germany.....	66	18,838,060	218,847	20,150	6,073
Average per trip from Germany.....		289,816	3,367	310	93
International Mercantile Marine Co. from New York.....	45	6,493,000	47,604	3,513	3,393
Average per trip from New York.....		144,289	1,058	78	75
International Mercantile Marine Co. from Southampton.....	46	8,281,000	70,682	2,376	3,541
Average per trip from Southampton.....		180,022	1,537	52	77
White Star Line from New York.....	48	8,119,700	57,751	4,041	3,797
Average per trip from New York.....		169,160	1,203	84	79
White Star Line from Liverpool.....	49	10,252,000	68,843	2,490	4,314
Average per trip from Liverpool.....		209,224	1,405	51	88

That the service has been reasonably satisfactory is shown by the fact that very few complaints have been received, and that in the distribution of 37,729,422 letters and postcards only 481 errors (0.0013 per cent) have been reported.

THE UNIVERSAL POSTAL UNION.

No additions to the Universal Postal Union have been announced during the year. There is maintained under the name of the "International Bureau of the Universal Postal Union" a central office, which is conducted under the superintendence of the Swiss postal administration, and the expenses of which are borne by all the administrations of the union.

The bureau is charged with the duty of collecting, collating, publishing, and distributing information of every kind which concerns the international postal service; of giving, at the request of the postal administrations concerned, an opinion upon questions in dispute; of making known propositions for modifying the acts of the congress; of giving notice of the changes adopted, and in general of undertaking such researches and labors as may be intrusted to it in the interest of the Postal Union.

The latest report of the director, for the year 1906, shows that the total cost of maintaining the bureau, including an extraordinary expense of \$7,019.72 (36,151.70 francs) incident to the business of the Universal Postal Congress at Rome, was \$31,291.33 (161,151.70 francs).

Pursuant to the provisions of the Universal Postal Convention, this sum was divided into 660 units, of which this Department paid 26 units, or \$1,236.89 (6,370 francs).

PARCELS POST.

During the year additional parcels-post conventions have been negotiated with Bermuda (effective January 31, 1907) and Ecuador (effective February 28 1907). The convention with Bermuda admits "parcels" up to 11 pounds, without limit of value, at the rate of 12 cents a pound, while the convention with Ecuador admits parcels up to 11 pounds, but limits the value of any one parcel to \$50 and fixes the postage rate at 20 cents a pound.

The conventions concluded during the preceding fiscal year went into operation upon the dates fixed therefor, viz, Sweden, February 1; Peru, September 1; Denmark, October 1, 1906, respectively.

The postage rates for "parcels" are 20 cents a pound or fraction of a pound for parcels which require the use of the expensive transit across the Isthmus of Panama, and 12 cents a pound or fraction of a pound for parcels which do not use that expensive transit.

It should be noticed that the rates quoted above are for a pound or fraction of a pound. So that as much postage must be paid on a parcel weighing only an ounce

as on one weighing 16 ounces and as much on a parcel weighing 17 ounces as on one weighing 32 ounces.

The weights of the parcels-post mails dispatched from the United States during the last two fiscal years were as follows, viz:

	Pounds.
For the year ended June 30, 1906.....	721, 164
For the year ended June 30, 1907.....	876, 346

which shows an increase during the fiscal year of 155,182 pounds, or 21.52 per cent. The total number of parcels dispatched during the fiscal year was 351,369, of an average weight of about 2½ pounds.

The weight of the parcels-post mails received during the fiscal year was 506,046 pounds and consisted of 181,118 parcels, the average weight of a parcel being about 2.74 pounds.

Of the total weight of 876,346 pounds dispatched, 188,931 pounds were for Europe and consisted of 158,541 parcels. In return we received from Europe 135,045 parcels, their weight being 402,322 pounds.

It is well to repeat what has been said in previous reports:

The parcels post affords the only channel for the legitimate exchange of packages of miscellaneous merchandise by mail between different countries. It in fact gives to persons in different countries substantially the same facilities for the exchange of small parcels as is afforded in our domestic service by the provision for the admission to the mails of "fourth-class matter." That the service is appreciated by the public appears to be evident by the substantial increase from year to year in the volume of business in this particular branch of the service.

CONTRACT OCEAN MAIL SERVICE.

The contract ocean mail service upon the routes now in operation has been performed to the satisfaction of the Department and of the contractors.

The distance traversed, the amount paid as mileage, the weights of the mails, and the amount which would have been paid for the same service at the allowance of the full sea and United States inland postage upon the eight routes in question are as follows, viz:

Route 36, New York to La Guaira, 26 trips; statute miles traveled, 63,315½; mileage paid, at \$1 a mile.....	63, 315. 20
Weights of the mails conveyed: Letters and post cards, 13,426 pounds; other articles, 187,852 pounds; amount of the full sea and inland postage thereon.....	36, 509. 76
Excess of cost of contract service on route 36	26, 805. 44
Route 37, New York to Maracaibo, 26 trips; statute miles traveled, 66,214.20; mileage paid, at 66½ cents a mile.....	44, 142. 80
Weights of the mails conveyed: Letters and post cards, 3,556 pounds; other articles, 80,573 pounds; amount of the full sea and inland postage thereon	12, 135. 44
Excess of cost of contract service on route 37	32, 007. 36
Route 57, New York to Southampton, 46 trips; statute miles traveled, 172,806; mileage paid, at \$4 a mile.....	691, 224. 00
Weights of the mails conveyed: Letters and post cards, 421,703 pounds; other articles, 1,957,304 pounds; amount of full sea and inland postage thereon.....	831, 309. 12
Excess of sea and inland postage over cost of contract service on route 57.....	140, 085. 12
Route 69, New York to Tuxpam, 52 trips; statute miles traveled, 130,884; mileage paid, at \$1 a mile	130, 884. 00
Weights of the mails conveyed: Letters and post cards, 9,618 pounds; other articles, 167,207 pounds; amount of full sea and inland postage thereon.....	28, 765. 36
Excess of cost of contract service on route 69.....	102, 118. 64

Route 70, New York to Habana, 52 trips; statute miles traveled, 71,032; mileage paid, at \$1 a mile.....	\$71,032.00
Weights of the mails conveyed: Letters and post cards, 1,040 pounds; other articles, 25,216 pounds; amount of the full sea and inland postage thereon.....	3,681.28
Excess of cost of contract service on route 70.....	67,350.72
Route 74, Boston, Philadelphia, and New York to Port Antonio, Jamaica, 92 trips; statute miles traveled, 159,505; mileage paid, at 66½ cents a mile.....	106,336.67
Weights of the mails conveyed: Letters and post cards, 3,503 pounds; other articles, 39,553 pounds; amount of the full sea and inland postage thereon.....	8,769.04
Excess of cost of contract service on route 74.....	97,567.63
Route 75, San Francisco, Cal., to Sydney, New South Wales, 11 trips; statute miles traveled, 91,624.5; mileage paid, at \$2 a mile.....	183,249.00
Weights of the mails conveyed: Letters and post cards, 17,388 pounds; other articles, 367,781 pounds; amount of the full sea and inland postage thereon.....	57,243.28
Excess of cost of contract service on route 75.....	126,005.72
Route 76, San Francisco to Tahiti, 10 trips; statute miles traveled, 42,180; mileage paid, at \$1 a mile.....	42,180.00
Weights of the mails conveyed: Letters and post cards, 372 pounds; other articles, 3,127 pounds; amount of full sea and inland postage thereon.....	845.36
Excess of cost of contract service on route 76.....	41,334.64
Aggregate excess of cost of contract service.....	353,105.03

In March last the contractors for service on route 75 "O. M. S."—San Francisco, Cal., to Sydney, New South Wales—suspended operations; and since August last the "Australian Mail Line" have been conveying mails for Australasia by means of its steamers sailing from San Francisco once every four weeks, alternating with the steamers of the Canadian Line sailing from Vancouver, British Columbia, once every four weeks. This arrangement gives us an opportunity to dispatch mails for Australasia regularly every two weeks, compensation for the services of the Australian Mail Line being based upon the weight of the mails dispatched.

Under date of June 28 bids were invited for the service on route No. 70, "O. M. S.," from New York to Habana, for a period of five years from November 1, 1907; and on route No. 74, "O. M. S.," from Boston and Philadelphia to Port Antonio, Jamaica, for a period of ten years from July 1, 1908.

The ocean mail contract service should be credited also with the carriage of the closed mails of foreign origin forwarded during the year from this country by means of steamers under contract with this Department.

The weights of said closed mails amounted to 22,140,327 grams (48,819 pounds) of letters and post cards and 119,621,845 grams (263,766 pounds) of other articles, for the conveyance of which steamers not under contract would have been entitled to compensation at the rate of 5 francs per kilogram of letters and post cards and 50 centimes per kilogram of other articles; or to a total sum of \$32,908.92. Deducting that sum from the "aggregate excess of cost," we find as the net excess of cost of the contract service \$320,196.11.

TRANSATLANTIC MAILS.

As heretofore, the mails for Great Britain and the continent of Europe have been dispatched by every fast steamer, and when two fast steamers sail on the same day or succeeding days, the mails have been as a rule assigned to the one whose previous record gave reason to believe that it would deliver the mails sooner on the other side of the Atlantic. Other things being equal, preference has been given to steamers sailing under the flag of the United States, and especially to those under contract with this Department, at a compensation of \$4 for each mile traveled from New York to Southampton.

Steamers flying the flag of the United States, but not under contract, are allowed for their services all the postage collected on the mails they carry from this country; that is to say, 5 cents a half ounce (\$1.60 a pound, or \$3,200 a short ton) for letters and post cards and 1 cent for 2 ounces (8 cents a pound, or \$160 a short ton) for other articles. In the case of a steamer conveying the mails under a foreign flag compensation for the service is allowed at the rate of 44 cents a pound (or \$880 a short ton) for letters and post cards and 4½ cents a pound (or \$90 a short ton) for other articles, calculated on the actual net weight of the mails conveyed.

The transfer service in New York Harbor, whereby the fast mail steamers arriving from Europe are met at the quarantine station by a special mail steamer, which receives the mails and conveys them as rapidly as possible to the various wharves, whence the mails for the city of New York are immediately sent to the post-office in that city, and those for inland destinations are forwarded by the first outgoing trains, has been continued without accident or interruption.

CENTRAL AND SOUTH AMERICAN AND WEST INDIAN MAILS.

There have been no radical changes in the service to these countries during the year. Our communication with the west coast of Central and South America has been regular and reliable, about six times a month, by means of steamers plying between New York and Colon; and to Venezuela we have a weekly service, by means of the Red "D" Line, which is performing contract service between New York and La Guaira and other ports of Venezuela, under the provisions of the act of Congress approved March 3, 1891. Contract service is also performed once a week by the New York and Cuba Mail Steamship Company between New York and Habana, and once a week between New York and certain Mexican Gulf ports via Habana. Besides, there is additional through service with Cuba by means of steamers plying three times a week from Tampa, Fla., three times a week from Key West, Fla., about twice a week from Miami, Fla., and once a week from New Orleans, La., and Mobile, Ala., to Habana, Cuba. The service from Tampa is performed under a domestic contract, and does not come under the provisions of the act of March 3, 1891. With Porto Rico we have mail communication regularly once a week by means of steamers of the Red "D" Line and by means of steamers of the New York and Porto Rico Line, which sail on alternate Saturdays from New York and irregularly twice a month from New Orleans, the latter service being performed under a domestic-mail contract from New York for San Juan, and also irregularly about twice a month from New York to Porto Rico.

With Jamaica we have contract ocean-mail service by means of steamers of the American Mail Steamship Company, sailing twice a week from Boston or Philadelphia for Port Antonio, Jamaica. Besides, Hamburg-American steamers of the Atlas Line sail regularly every Saturday and also irregularly about once a week from New York for Kingston, steamers of the Royal Mail Line sail every two weeks from New York to Kingston, and steamers of the United Fruit Company sail once a week from Boston to Port Antonio.

Communication with the other West Indian Islands has been maintained without material change, and principally by means of the New York and Cuba Mail, Quebec, Hamburg-American (Atlas), Clyde, Booth, Royal Dutch West India Mail, Trinidad, United Fruit Company, Royal Mail, Peninsular and Occidental, and Demerara lines of steamers.

With British Honduras (Belize), Guatemala, and the Republic of Honduras we have regular communication by means of steamers, which sail every Thursday from New Orleans. By steamers sailing from the same port every Saturday for Panama and every Saturday for Costa Rica, we have regular weekly communication with Panama and Costa Rica, and frequent, although irregular, communication with Costa Rica, Nicaragua, Republic of Honduras, and Panama; and from Mobile, Ala., we have frequent, although irregular, service with Progreso, Mexico; Bocas del Toro, Panama; Sudan Island; Belize, British Honduras, and the Republic of Honduras.

By means of the Lamport and Holt, Brazilian, Sloman, American Rio Plata, Norton, Barber, Prince, Booth, Tweedie Trading, and Houston Lines, mails for Brazil and the River Plata countries have been dispatched one hundred and seventy-six times by steamers sailing from New York for those countries direct—for Brazil ninety-one times, and for the River Plata countries eighty-four times. Correspondence for Brazil and the River Plata countries is not, however, held for dispatch by these steamers, but is forwarded via Enland when that course will expedite its delivery at destination.

The more general use of the route via Europe for the dispatch of mails for Brazil and the River Plata countries during the year has resulted in a service more satisfactory to those persons having important business relations with those countries.

TRANSPACIFIC MAILS.

By means of steamers sailing three or four times a month from San Francisco and three or four times a month from Seattle or Tacoma, mails for Japan and China have been dispatched not less than seven times a month.

These mails have included articles for the Philippines, but mails for the Philippines have also been dispatched by army transports, which sailed from San Francisco for Manila once a month. Correspondence for Japan and China has also been forwarded to Vancouver, British Columbia, for dispatch per steamers leaving that port about every three weeks, when the delivery of the correspondence would be thereby expedited.

Up to March last, mails for the Australasian colonies were dispatched from San Francisco once every three weeks by means of the contract steamers of the Oceanic Steamship Company, the transit time from San Francisco to Sydney being twenty-one days, and mails being delivered en route at Pago Pago.

Advantage is also taken of the opportunities offered for the dispatch of correspondence for those colonies by means of the Canadian Line of steamers sailing from Vancouver, British Columbia, once every four weeks.

The steamers from Vancouver, above referred to, call at Honolulu, and most of the steamers en route from San Francisco to Japan and China usually call at Honolulu. Including the service under domestic mail contracts between San Francisco and Honolulu, there were from seven to ten opportunities a month for communication by mail with Hawaii, and generally there are not less than eight.

Mails for Japan, China, and the Australasian colonies are forwarded from San Francisco to Honolulu, to be transferred there to steamers sailing from Vancouver and calling at Honolulu en route to those countries; and mails for the United States arriving at Honolulu by steamers bound for Vancouver are transferred to steamers sailing from Honolulu to San Francisco. By such transfers the delivery of the mails so transferred is expedited by three or four days.

CASUALTIES.

July 13, 1906, Hamburg-American Line steamer *Deutschland* collided with pier at Dover. No losses.

November 21, 1906, North German Lloyd steamer *Kaiser Wilhelm der Grosse* collided with the steamer *Orinoco* at Cherbourg. No losses.

March 3, 1907, Great Northern Line steamer *Dakota*, from Seattle February 17, was wrecked near entrance of Tokyo Bay. One hundred and eighty sacks recovered; 200 lost.

April 16, 1907, Brazilian Line steamer *Thornhill*, from New York April 5, with mails for and via Brazil, was burned and sank off Barbados. Vessel and cargo, including the mails, a total loss.

Under this head mention should be made of the death, on the 22d of February, 1907, of Mr. Herman Jacobson, a fourth-class clerk, who had been continuously on duty from the date of his appointment, July 1, 1880.

In his death the Department sustained an almost irreparable loss, as his equal as a translator from all modern foreign languages into idiomatic English is rarely to be obtained.

OFFICE WORK.

During the year 27,537 communications were received, entered in brief in "letters received," and acted upon, of which 3,440 were in foreign languages and were translated, 5,990 were referred by "slip" to other officials, and the remainder involved the preparation of 10,535 letters, which were signed, press copied, briefed, and indexed. Besides this, 46,460 printed circulars and documents were mailed to various addresses unaccompanied by letters.

The work has been accomplished by a force of nine clerks (eight male and one female), in addition to the chief clerk, and to their energy and industry is due the fact that the business of the office is up to date.

APPENDIXES.

I append hereto statistical tables showing the number of post-offices and employees, number of letter boxes for the use of the public, proportion of post-offices to area and population, number of articles of mail matter to each inhabitant, length of mail routes and number of miles traveled thereon, number of articles received and dispatched in international mails and by parcels post, postal revenue and expenditure, and subsidies paid to steamship companies, relating to various countries of the Postal

Union during the year 1905, which have been collated from the most recent statistical tables published by the International Bureau of the Universal Postal Union at Berne in 1907. These statistics show, relative to the eight leading countries of the world, that—

As regards the number of post-offices, the United States stands first, Germany, Great Britain, British India, Russia, France, Austria, and Italy coming next in the order named. As regards employees, Germany stands first, the United States second, followed by Great Britain, France, British India, Russia, Japan, and Austria.

As regards letter boxes for the use of the public, Germany stands first, followed by the United States, France, Great Britain, British India, Japan, Austria, and Italy.

As regards the proportion of post-offices to area, Switzerland stands first, followed at intervals by Great Britain, Germany, Italy, Austria, France, the United States, and Russia. Countries having such vast areas as the United States and Russia can of course not show such a favorable proportion as smaller countries. Still it should be noted that of the 37 countries mentioned in the table, the United States stands twentieth, while Russia stands thirty-third.

As regards the proportion of post-offices to population, Norway stands first, followed by the United States (third in rank). Germany, Great Britain, Austria, France, Italy, Japan, and Russia.

As regards the number of articles of mail matter received by and sent to each inhabitant, the United States stands first, followed by Great Britain, Germany, France, Austria, Italy, Japan, and Russia.

As regards the length of mail routes, the United States stands first, followed by Russia, Germany, France, Austria, Italy, and Japan. (Great Britain did not make a report.)

As regards the annual transportation, the United States stands first, followed by Germany, France, Russia, Austria, Japan, and Italy. (Great Britain did not make a report.)

As regards the number of letters sent, the United States stands third, preceded by Germany and Austria, and followed by France, Italy, Russia, and Japan; while as regards the number of prints sent, the United States stands first, followed by France, Germany, Austria, Italy, and Japan. (Great Britain did not make a report.)

The amount of postal income of the United States, which ranks first in this respect, exceeds that of the year previously reported by upward of \$10,000,000. The countries next in rank were Germany, Great Britain, France, Russia, Austria, Japan, and Italy. The United States also ranked first as regards the amount spent for postal purposes, that amount exceeding that of the year previously reported by about \$16,000,000. The countries next in rank, as regards postal expenditure, were Germany, Great Britain, France, Russia, Austria, Italy, and Japan.

These statistics, therefore, show that the United States has held its own in most respects, made decided progress in some, and must—considering the vast area of our country—be considered as favorable.

I am, very respectfully, your obedient servant.

(Signed) N. M. BROOKS,

Superintendent, Division of Foreign Mails.

HON. JAS. T. McCLEARY,
Second Assistant Postmaster-General.

COMMITTEE ON EXPENDITURES

IN THE POST-OFFICE DEPARTMENT

Friday, April 3, 1908.

The committee met pursuant to adjournment of yesterday, Thursday, Hon. Irving P. Wanger in the chair.

TESTIMONY OF HON. JAMES T. McCLEARY—Continued.

The CHAIRMAN. The accountants favored the consolidation of all inspecting officers in one force as post-office inspectors. How do you look on that proposition as related to your bureau?

Mr. McCLEARY. I think that would be a mistake. We have not any "inspectors" in the sense in which that word is used. We have what we call assistant superintendents of the railway mail service,

who travel in a supervisory way for the office of the Second Assistant Postmaster-General. Our service is different from the rest of the mail service. It requires technical knowledge. It requires experience along the lines to be supervised. An ordinary inspector would be of little value to us, unless he has been chosen from our service, as some of the inspectors have been.

But the chief objection would be that he would be unavailable for use just when we need him. We are like the Texan with his gun. We want him badly when we want him. We want him right away, and it may be exceedingly important that we have him immediately subject to call. If he were away somewhere else, doing something else, a delay might interfere materially with the quality of our service.

The CHAIRMAN. What are the particular duties of your assistant superintendents?

Mr. McCLEARY. I indicated one line of their duties the other day, in relation to the quadrennial weighings. We place them in the contract sections to be weighed some weeks before the weighing is to take place. They travel on the railway trains through that section so as to become familiar with the normal condition of things to the end that in similarly traveling during the weighings they may be able to note anything that is exceptional, and may inquire into it. If there should be an unusual amount of mail of any particular kind between any particular localities, they would note the fact, and inquire into it, and find out what the reason is. That takes them four months of the year, because the weighing covers one hundred and five days, you know, and they must be in the contract sections some weeks before, in order to study it and become acquainted with its normal conditions.

Then they have a second line of duty, taken up at another time, which is to travel on the trains and observe the quantity of mail being carried, in order to determine whether the R. P. O. car is properly adapted to the service; whether we are allowing larger cars than are required, or whether we need more car service. You understand that the length of the car determines what we have to pay. A 40-foot car is capable of doing a certain amount of work in the way of assorting of mails, and if they find that there is more than that quantity of work to be done they may recommend that a larger car be assigned to that line. On the other hand, if they find we are using and paying for a 60-foot car when a 50-foot car would suffice, it is their duty to so report to us, to the end that we may adjust to the conditions.

You noticed, perhaps, that I began that other sentence rather peculiarly, by saying "if we are using and paying for a 60-foot car." We often have the use of a 60-foot car when we are paying for only a 40-foot car, for the reason that the railroads do not care to build short cars. Such cars would look out of place in their fine trains, as they think that the cars ought to be related to each other in size. So we frequently have the use of a 60-foot car and pay for a 40-foot car.

But to sum up in this matter, one of the lines of duty of our assistant superintendents is to keep track of what the needs of the service are and see whether the allowance that we make of cars is suited to the needs of the service.

All but three of these men work from our division headquarters and are largely under the direction of the division superintendents of railway mail service. That is another reason why it would not be well to consolidate them with the other service. You see, we have eleven divisions, while in the inspection service they have fifteen. The two organizations have different bases. They are built on different ideas. They have different functions to perform.

Another line of work that these men do is to investigate the needs of steamboat service and star-route service. For instance, in your district, in going over the State of Pennsylvania it may appear from the records on file that a certain star route is unnecessary; or the rural delivery division of the Fourth Assistant's office may notify us that they have put on a rural delivery in some neighborhood in your district, and recommend to us that we discontinue certain star service. We follow that recommendation, unless we have reason to think it is not wise. But, shortly after it is done, your constituents protest, and you file their protest in the office, either personally or by letter. It then becomes necessary to inquire into that case to see whether the wise thing was done. One of these men is used for that purpose—usually one of these three men we have here at headquarters.

What I have said gives a general idea of what they are called upon to do. You see, we have the transportation of the mails—the ships on the oceans, steamboats on the rivers and lakes, the railway transportation, the electric lines, urban and interurban, the screen-wagon service, the pneumatic tubes, the star service, and the tunnel service in Chicago. Now, one of those fields may need investigating and these men are for the purpose of doing that.

We have three men who work directly from the Second Assistant's office and who go to all parts of the country. We do not usually send them beyond the Rocky Mountains, because the distance is so great. We call upon some one out there to get us the information. But we have three men who work directly from our office when we want some specially difficult matter looked into. They are especially skilled men and the highest grade of all these men.

For instance, we have one of them now in Chicago. He has been there for weeks studying the matter of the tunnel service in Chicago. In Chicago, you know, 40 feet below the surface they have an underground electric railway running through a tunnel connecting the post-office with the various railway stations and the railway stations with each other. That service was put in some two years ago as an experiment. The term of the contract entered into will expire on the 30th of June this year. The question is, Shall we renew the contract with that tunnel company? We are now paying them \$172,600 a year. They have asked for the ensuing contract period \$400,000 a year. The question with us is, first, What does Congress want done, and how much will Congress place at our disposal with which to perform that service in Chicago? and, second, With the money at our disposal, what is the best thing to do?

When the tunnel service was first inaugurated in Chicago, the tunnel company did not know how to operate it and we did not know how to operate it, because it is unique. There is no such thing anywhere else in this country. At first the service was very unsatisfactory, but during the winter they have greatly improved it, until

now the service is very good indeed. There is nothing better in the country. The great excellence of that service would be warrant for paying more for it than for ordinary wagon service. But it seems to me, in the public interest and in the defense of the public Treasury, that we ought to be in a position to defend the Department from having to pay too much. In order to determine what we ought to pay, by knowing what alternative service would cost, I caused an advertisement to be issued some weeks ago for wagon service. We do not find that it would be right for us to leave the Government in a position where it must pay a price based on a monopoly. We expect to get the bids in the near future. We are rather anticipating that those bids will be less than \$175,000, certainly not to exceed \$200,000. If that is so, the question will be, then, will we be warranted in paying \$400,000 to the tunnel company for that service if we can get it very much cheaper by screen wagons? which is the kind of service we have in New York and in Philadelphia.

Chicago, I may say parenthetically, presents our greatest domestic mail problem. It is the largest interior city. An enormous quantity of mail passes Chicago in transit. How to get it through Chicago without waste of time is one of the great problems of my office in the Department, and this tunnel service is now proving very useful in that connection.

But, to come back to the question that you asked me, Mr. Chairman, one of the three men that I have been telling you about has been in Chicago for weeks studying that problem: How to adjust the train service, the underground service, so as to secure the maximum of result with the minimum of running of trains. When this service was first inaugurated, as I said, no one knew how to operate it, neither the people who owned it nor the Department, and there was a great deal of wasted energy running back and forth between the stations and the post-office. This gentleman, Mr. John M. Masten, is one of our most trusted men. He is a man of large experience. We have had him do a great deal of work in New York, Cincinnati, St. Louis, and Chicago.

The CHAIRMAN. He was one of the commission to report on the pneumatic tube a few years ago?

Mr. McCLEARY. Yes, sir. As I said, he is in Chicago, and has been most of this winter, studying the problem. He is devising a schedule under which the maximum of result can be attained with the minimum of car movements. We have in mind to try to arrange with the tunnel company to pay not on the basis of so much per year, but on the basis of so much per unit of service, so that if we get much service we will have to pay much, and if we can reduce service at any time we will have the satisfaction of knowing that we are reducing cost at the same time. That unit of service, which is now in contemplation, is what we call a train movement. A "train" may consist of one, or two, or three, or four cars. A movement is from railway station to railway station or between post-office and railway station. That would be a train movement. Now, if we agree upon a price per train movement, then we can simply multiply that price by the number of train movements in the course of a month and determine what the pay shall be for that month. The justice of that is that they would be paid in proportion to what they do.

The CHAIRMAN. As we are on that question, is this tunnel service exclusively for freight traffic, or does it carry passengers?

Mr. McCLEARY. No passengers at all; exclusively for freight and mails.

The CHAIRMAN. Does it perform the terminal service for the trunk lines in the shipment of baggage from railway station to railway station?

Mr. McCLEARY. I think it is the purpose of the Chicago Tunnel Company to do a commercial business later on. Up to this time, or up until recently, the chief business they have had has been this mail business; but they are gradually acquiring a mercantile business. During the administration of Mr. Dunne, as mayor of Chicago, this company was unable to secure authority to connect up with the great business houses—sink shafts, you know, to connect with their tunnel; but under the present administration in Chicago, that authority has been given, I understand, and a great many of the large business houses, like Marshall Field & Co., and houses of that type, are employing this tunnel company to transfer their freight from the freight houses of the railway stations to the stores, and conversely.

The CHAIRMAN. There is very little opportunity to-day to compare the charge that the company would make against the Government with charges that they make to other parties?

Mr. McCLEARY. No, sir; there is practically no opportunity. They have been doing this commercial work only for a short time. The manager of the company tells me that the remuneration that they get for the mercantile work is considerably higher than what they get from the Government for the transportation of mail. He said that the return for a train movement received from handling goods is very much greater than the return of handling a train movement of mail. I would not be surprised if that is true, because I think the sum we are now getting the service for is low.

The short contract which was made with this tunnel company was rather experimental than otherwise. They did not profess to know what it was worth, and we did not profess to know. We determined upon the amount to be paid by comparing it with what we had been paying for screen-wagon service, and reached a conclusion that was mutually satisfactory as an experiment. They tell us now that they are losing money on the mail contract, and would not think of taking it for anything like what they are now receiving.

The CHAIRMAN. Can you furnish us with a statement showing the saving of time in deliveries by the use of this service as compared with the screen-wagon service?

Mr. McCLEARY. There is no saving in time in the performance of service by tunnels instead of by screen wagons. The schedule for the tunnel service was slightly lengthened over the wagon schedule—about five minutes. The advantage of the tunnel service over the wagon service is regularity rather than expedition.

The CHAIRMAN. There is no chance to utilize the trolley service for the carriage of these mails?

Mr. McCLEARY. In Chicago?

The CHAIRMAN. Yes.

Mr. McCLEARY. No; not in Chicago. We do in St. Louis. The electric street-car lines are the chief instrumentality used in St.

Louis for distributing and collecting the mails—distributing to the postal stations and collecting from them.

The CHAIRMAN. In estimating the compensation, you propose to consider space, as I understand it, and not weight?

Mr. McCLEARY. Yes, sir; the space occupied. I may say, Mr. Chairman, since you are interested in this general subject, that now nothing goes into the Chicago post-office that is not for Chicago; not even registered mail. Within the last few months we have established at every railway station a registry station, and have a corps of men to take charge of it, and the registered packages, as well as the others, are transmitted direct from the station of arrival to the station of departure, without going into the Chicago post-office. At one time, you understand, all mail went into the post-office. Then the mail other than registered mail was transferred without going into the post-office, and now even the registered mail is kept out of the post-office. We have some sixty-odd employees connected with just the handling of the registered packages at the registry stations in the railway stations, and it is a great economy of time. We have not discovered any reduction in safety, although there is a constant anxiety (this being rather novel) to determine whether there is less safety than before. For example, when we established the registry station at the Illinois Central depot, they gave us a wooden building abutting on the street. Right across the street was one of the toughest parts of Chicago. One of those toughs could have kicked in the side of the building: so we demanded that the railway company give us a place inside of the railway station itself, to the end that we might have strong walls and safety, which the registered mail requires. Our request was complied with, and I have not heard of a single loss since we adopted the plan of handling the transit registered mail in the station.

The CHAIRMAN. What is the system of transferring baggage from one railway station to another?

Mr. McCLEARY. That is done by the Parmalee Bus Company. I think that company has a contract with the various railroads to transfer baggage by wagon. I am inclined to think it quite likely that within the near future this tunnel company will enter into a contract with the railway companies to transfer their through baggage.

The CHAIRMAN. Returning to the matter of inspectors, is not the disposition of every former rural inspector that belongs to the general inspection force to favor rural routes and report them as sufficient to serve the public, and the disposition of your force to favor star routes?

Mr. McCLEARY. It is human, Mr. Chairman, that each one should appreciate his own service. Having been one of the fathers of the rural-delivery system while I was in Congress, and having my old district entirely covered with rural routes, I think possibly I am in as good a position to be an impartial judge as most anyone could be.

I think this can be stated squarely and without any danger of successful contradiction: that each of those services can do better than the other the things that each was originally designed to do, and that neither can fully take the place of the other. A Disston saw can not be blamed because you can not drive nails with it. Neither can a Maydole hammer, which I presume stands at the head

of hammers, be blamed because you can not saw wood with it. Each one is best in the field that it was designed to occupy. These two services interlock to a certain extent. Each of them may be used to supply post-offices; each of them may be used to distribute mails to patrons. In fact, each of them is so used. The difference is that, in the case of the rural service, its prime function is to distribute mail to patrons, and the supplying of the post-office is simply incidental. Conversely, the purpose of a star route is to supply one or more post-offices, and whatever it does in the way of box service en route is merely incidental, and limited to the one road on which it travels. The rural service covers the greater area, and therefore in the matter of supplying patrons is more useful than the star service, which must travel on one road. But in the matter of supplying post-offices the rural delivery does not compare with the star service, and the reasons are obvious.

In the first place the rural-delivery carrier, in the nature of the case, starts from the office of supply. He starts from the large office, from an office on the railway. If he attempts to supply a post-office out in the country, he does it by closed pouch. He goes to that post-office and he drops that pouch, and by the time that the post-master has begun to distribute the contents of the pouch the rural carrier is on his way elsewhere. He does not return until that hour the next day. In the meantime, the patrons of the post-office have no opportunity to read their letters nor to reply to them until that time the next day. I mean, they read them in the meantime, but their letters can not be dispatched until that same hour the next day, and then they have to go the round of the rural-delivery carrier and reach the supply office in the evening. In many cases the principal mail trains pass the office of supply during the daylight hours. I have a typical case in my old district, where they have one train each way. Both trains pass the supply office in the middle of the day, between 12 and 1 o'clock. Now, the rural carrier starts out in the morning with the mail that arrived the preceding day at noon. The mail came to the supply office on Monday, say, and the rural carrier starts out with that mail Tuesday morning. He arrives at the little country post-office Tuesday before noon. The answers are prepared Tuesday afternoon, and he arrives there next on Wednesday and gets the mail to the supply office Wednesday evening. It goes out on Thursday to St. Paul, arriving there on Friday. Thus a week is required for the letter to be answered.

On the other hand, by the star service which I am just restoring, a letter can be sent from the country office Monday forenoon, reach St. Paul Tuesday morning, and the answer can reach the small office Wednesday, taking little over two days, while by the rural service it would take a week.

This case is typical of many, and illustrates what I mean. The operation is not accidental. It is in the nature of the case. Each service will do best the thing that it was originally created to do; but when it undertakes to fill the field of the other, it is getting into a line where it is not so useful as the other.

The CHAIRMAN. You have admirably stated the case, and I wish that all inspectors would understand the situation and its requirements as well. The difficulty has seemed to be that there is often a

failure to adjust matters after inspection. The rural inspector will report in favor of the abolition of the star service, and the assistant superintendent will insist that the star service must be maintained, and very properly so. And usually the case will rest there, without any readjustment of the rural route or routes, and two or three carriers would pass over such a road, when the star carrier on that road gave complete service to everybody residing along it. I would think it well if somebody was armed with authority to complete the matter by adjusting the rural route so that there would not be any duplication of service.

Mr. McCLEARY. That effort is made; not always successfully, because sometimes it seems almost impossible for two to make the adjustment; but we are continually making the effort to adjust in the way you have indicated, and the relations between the Fourth Assistant and myself are most cordial, so that satisfactory adjustments are usually effected.

The CHAIRMAN. Investigation to ascertain the necessity for star service, as between it and rural service, requires excellence of judgment rather than expertness of detail, does it not?

Mr. McCLEARY. Yes, sir; and we usually consult with the Representative in Congress from the District, because he knows very often the neighborhood better than anybody connected with our office can know it. The inspector goes there and sees it for a day or at most two days, and he sees the things that are obvious. The Congressman knows the people and their characteristics, their habits, and their way of looking at things, and he is generally both able and willing to help us in determining what is the wise thing to be done.

The CHAIRMAN. Chicago has pneumatic-tube service, has it not?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. To what extent does that serve in the transmission of mail matter?

Mr. McCLEARY. The pneumatic-tube service is useful in two general ways: First, where the mail is to be transferred in not very large quantity but continuously. The pneumatic-tube system, as its name indicates, is operated through a tube. The vehicle is a cylinder about 8 inches in diameter and about 2 feet long. In that cylinder the mail is placed and the end of the cylinder is closed. This cylinder is then placed in the tube and it is carried away, just as the cash carriers in the big department stores, by the pressure of the air behind it. It is propelled by air. The cylinder travels at the rate of about 30 miles an hour (a mile every two minutes), so that if the destination is a mile away it will reach there in two minutes. For instance, if you are sending mail from your Philadelphia post-office to the Broad Street Station, it will be there within two minutes.

There must intervene between any two cylinders an appreciable period of time so that they will not be crowding each other. When they come out, they shoot their several receptacles. There are several methods of receiving them, but the best is a curved table. They shoot out onto the table. It is curved, and they are gradually brought to a standstill by friction against the curved side of the table. Then they are taken from that table and disposed of. You can send ten cylinders a minute. That is the maximum speed. The usual number is from six to eight.

Another use for the pneumatic-tube service is in connection with mail that comes in late. By pneumatic tube it can be hurried to the station to catch a train which it might otherwise miss. This delayed mail can be sent by a pneumatic tube better than any other way.

So those are the two ways in which mail can be usefully carried by the tubes. One is where mail is coming in continuously but not in a great mass; the other is where it is necessary to get belated mails quickly to trains for dispatch.

Berlin is the only German city where they have a pneumatic-tube service, and Paris is the only city in France having that service. In both cities they use it exclusively for expediting mail. The people have to affix a special stamp if it is to go through the tube, which is not used for ordinary mail at all. In Paris the pneumatic tube is only about 2 inches in diameter. Special letters are put into a cylinder about a foot long and shot to wherever it is to go in the city. Paris looks upon that as a thing to be boasted of. In fact, it is world famous. We take in our pneumatic tubes not only special-delivery letters but also ordinary letters. We do not usually send anything but first-class mail in pneumatic tubes.

I think it only proper to say, Mr. Chairman, while we are on this subject of pneumatic tubes, that I recognize the limitations of that service more than I did when I had simply heard of it as one of the postal facilities. It has its limitations. It is very useful for the two kinds of work that I have indicated; but it is not useful where a mass of mail comes for quick transportation in bulk. For instance, we have solid mail trains of seven or eight cars each, coming from Chicago to New York, carrying nothing but mail. Such a train arrives at the Grand Central Station in New York, and the pneumatic tube would be useful for just that part of it which has to be specially expedited. When such mail can be segregated and sent down through the tubes, its distribution can be expedited. But the mass of mail has to be taken down in something that is capable of conveying it in great quantities. So that we find that the entire mail of that train can be got to its destination quicker by the screen wagon than it could be by the pneumatic tube.

Now, inasmuch as we have to pay \$17,000 per mile per annum for pneumatic tubes, we are not urging its extension to some cities where we are authorized to extend it. The pneumatic service is now in six cities, namely, New York, Brooklyn, Philadelphia, Boston, Chicago, and St. Louis. We are authorized to extend the pneumatic-tube service into Pittsburg, Baltimore, Cincinnati, San Francisco, and Kansas City, Mo. We have not extended the pneumatic service in these five cities. We advertised and got no bids. We are rather glad now that we did not get any bids, and we have not recommended any money for those five cities in the current appropriation bill. It is only proper to add that since the bill passed the House we have been approached with a view to advertising again. A new concern wants to bid, a concern whose method of operation is different. They claim that they can operate less expensively and more satisfactorily, and they would like to have us advertise for service for those cities. That matter is now under consideration. We have not determined yet what we shall do.

The CHAIRMAN. May there be a number of stations along a tube route?

Mr. McCLEARY. Yes, sir. Mails are then sent by relays, sent to one station and then to another. New York City is going to be very well supplied with pneumatic tubes within the next two years, better than any other city in the country, perhaps better than any other city in the world, and we are going to try out there the real value of the pneumatic tube. You remember, of course, that New York is a long narrow city, and when the system is completed there will be two parallel lines up the city. The postal stations are arranged in a general way along those two lines.

The CHAIRMAN. Two tubes are requisite, one for each direction, are they not?

Mr. McCLEARY. Yes, sir; as a rule.

You understand, Mr. Chairman, that we are not able to enter into any agreement with the company that operates the subway for any mail facilities at all. They answer—and knowing what I do about their service, I would say that they answer properly—that they are so occupied with passenger business they can not consider any other kind of business. Therefore we have nothing in the subway at all in the way of mail facilities. They will not even allow the tubes of the United Tube Company to be placed along the wall. They say that they need every bit of space that there is in there for the safe and expeditious carriage of passengers, and so far as we can see they are justified in that position. We do use the elevated railroad to a certain extent. That service is not very satisfactory, but it is the best they can give and the best we can get at present. We have to throw the sacks of mail in the front where the motorman stands, and that has the same objection that you referred to the other day. It does not seem to be a very dignified performance for United States mail nor an entirely safe method of carrying the mails.

The CHAIRMAN. Are there statistics showing the volume of service rendered by the pneumatic tubes in the different cities?

Mr. McCLEARY. I think not, Mr. Chairman.

The CHAIRMAN. Is there any segregation of mail at the Grand Central Station, for instance, so that part may go by pneumatic tube and part by screen wagon to the city post-office?

Mr. McCLEARY. I can not answer with certainty. I think that in the case of the exclusive mail trains that I spoke of they do actually send all the mail by screen wagons. If such segregation is not made, it seems to me that perhaps there is opportunity for betterment of service in this direction, and I shall look the matter up.

(The committee thereupon adjourned to meet Monday a. m., April 6, 1908, at 10.30 a. m.)

THE COMMITTEE ON EXPENDITURES,
IN THE POST-OFFICE DEPARTMENT

Monday, April 6, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

STATEMENT OF HON. JAMES T. McCLEARY, SECOND ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. THOMAS P. GRAHAM, CHIEF, DIVISION OF EQUIPMENT—Continued.

The CHAIRMAN. The Postmaster-General in his last annual report refers to the fact that several thousand sacks of mail matter usually carried by the Hamburg-American Line steamers are carried by the Cunard Line in the winter by reason of the Hamburg-American steamers being diverted to the Mediterranean service.

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. The Cunard Line carries more mail in winter than it does in the summer?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. To what extent does the American Line share in the carriage of that business?

Mr. McCLEARY. I can not give you the exact number of pounds, Mr. Chairman, but this general principle is always observed: Inasmuch as the American Line is paid a fixed rate, \$4 per mile on the outward trip, regardless of the quantity of mail carried, we always give mail to the American Line when we can do so without materially reducing the efficiency of the service. For instance, if an American Line steamer is leaving New York on Saturday and a Cunard Line steamer of approximately the same speed is also leaving on Saturday, we give all the mail to the American Line steamer, and even where the Cunard Line steamer, as, for instance, the *Campania*, is a trifle faster, but would arrive at such an hour on Saturday night or Sunday as would not practically advance the mail—that is, where either the American Line or the Cunard Line would get the mail to the business houses on Monday morning in time for business, we always give the mail to the American Line. As I have said, this is because to give it to the other line would necessitate an expense, while giving it to the American Line adds nothing to the current standing expenses.

The CHAIRMAN. Do you have any control over the forwarding of mail to this country?

Mr. McCLEARY. No, sir. That is a matter that is controlled by the government where the mail initiates.

You understand, Mr. Chairman, that the governments do not keep postal accounts with each other. We take all the postage on mail that initiates here and they take all the postage on mail that initiates there, the theory being that they will just about offset each other. That arrangement avoids the necessity of keeping books and making accounts. There are a few accounts that are kept of necessity. For instance, in the sea-post service—that is, in the service where the sorting of mail is done in transit on the ships crossing the ocean—each Government supplies a certain number of postal clerks. If we supply two, Germany supplies two; that is, if the mail requires four

clerks, two of them are supplied by Germany and two of them by us. Then there may be the necessity for one or two or more "helpers" to handle the heavy packages, the bags, etc., to bring them from the storage room to the sorting room and return them to the storage room after they have been sorted. That heavy work is done by what we call "helpers." Those helpers are always foreigners. The social distinctions in foreign countries are such that it is hard to mix the employment of these helpers. Our helpers, if American, would expect to be classed largely with the clerks in charge. The foreign helpers do not expect that. To avoid making class distinctions among our own people, the arrangement is that the helpers shall all be furnished by the foreign governments and that we shall pay half the expense.

I thought it might be of interest to you, Mr. Chairman, to see one of the dispatch sheets that I spoke of one day last week. Here [exhibiting] is a schedule of steamers appointed to carry the United States mail to foreign countries during the month of April, 1908. It will give you an idea of the extent of the ocean mail service. We have a printing office in the Post-Office Department that makes this sheet up for us.

The CHAIRMAN. The United States pays for the carriage of all the mails dispatched from this country?

Mr. McCLEARY. Yes, sir.

The CHAIRMAN. And the Governments abroad pay for the mail dispatched to this country?

Mr. McCLEARY. Yes, sir; that is the general rule. There are one or two little exceptions to that. For instance, during the three winter months the Republic of Cuba has a line between Habana and Knight's Key which it pays for entirely. It did this last winter. What it will do in the future I do not know. That covers the mails in both directions. That is one of the very few exceptions, and it is only a temporary, tentative arrangement. The general rule is that each country takes the receipts from the mails and pays for the transportation of the mails growing out of them.

The CHAIRMAN. Would the American Line bringing mail from Europe to the United States receive the same compensation from the foreign Governments as if the mail had been dispatched under the Postal Union?

Mr. McCLEARY. Yes, sir; it receives Postal Union rates. Of course it carries comparatively little mail, because the Cunard Line vessels start on the same day from Great Britain that the American Line vessels start, and the Cunard Line is the one to which the British Government furnishes a subvention corresponding to the one we have for the American Line, and naturally they send all the mail they can by the Cunard line.

The CHAIRMAN. Does the American Line get the benefit of that compensation, or is that turned over to the United States?

Mr. McCLEARY. The American Line gets the money it receives for transporting the mail of foreign countries in this direction. We assume no responsibility for payment or for the mail coming in this direction. Our contract with them covers mails going from the United States.

The CHAIRMAN. The accountants in their comments on the division and equipment state:

There is a mail-bag repair shop maintained at Washington, to which all mail bags and pouches requiring repairs are supposed to be sent. This involves a large amount of transportation backward and forward from the depositories to Washington, and it is worthy of consideration whether there should not be attached to each mail-bag depository a certain number of employees for the purpose of repairing these bags.

What is your judgment as to that comment?

Mr. McCLEARY. Mr. Graham is here, Mr. Chairman. He is the head of the division of mail equipment and is thoroughly well informed on the subject. I will ask him to give you his judgment in relation to it.

Mr. GRAHAM. That plan was in operation many years ago, and it proved to be very unsatisfactory, which was the main reason for concentrating all of the equipment here in Washington, where it would be under the direct supervision of the Department. Now, again, a majority of the depositories—in fact, seven of the nine—receive more serviceable equipment in the regular course of business than they need, and if we were to have the defective equipment repaired at those places it would simply be repaired there and be hauled away to where it was needed, for instance, to Chicago or Cleveland.

Mr. McCLEARY. Suppose you state where the depositories are located?

Mr. GRAHAM. Boston, New York, Washington, Cincinnati, Chicago, St. Paul, St. Louis, San Francisco, and Atlanta. All but New York and Chicago receive more serviceable equipment in the regular course of business than they need. Consequently, we have to supply Chicago and New York. My suggestion was that we establish a subrepair shop at Chicago or in that vicinity and that would drain the whole western country to supply that office, and the surplus could be sent to Cleveland, Ohio. Now we are required to furnish Cleveland with 1,250 pouches for first-class mail a week, whereas if we had a repair shop at Chicago it would meet the requirements of the Chicago office and, I think, also of Cleveland. In regard to New York, we could send the equipment direct from the factory at Lyons to supply their needs.

The CHAIRMAN. Instead of sending repaired equipment you would have the new equipment sent to New York.

Mr. GRAHAM. Yes, sir; and put it in the service there.

Mr. McCLEARY. Is it a true general statement that the equipment in use as such moves west?

Mr. GRAHAM. Yes, sir.

Mr. McCLEARY. While the empty equipment moves east?

Mr. GRAHAM. Yes, sir; that is it exactly.

Mr. McCLEARY. In other words, there is far more mail going west than east.

Mr. GRAHAM. Yes, sir; the bulk of the mail.

Mr. McCLEARY. And the demand upon your office is for serviceable equipment in the East to be used in carrying the mails toward the West?

Mr. GRAHAM. Yes, sir.

Mr. McCLEARY. And the equipment has to move back anyway?

Mr. GRAHAM. It is only a question where it should be repaired. If it were repaired in Atlanta, for instance, it would simply be sent

forward repaired instead of unrepaired, and be rushed through to the East again.

Mr. McCLEARY. It goes west efficient to carry the mail and whatever harm comes to it is in that operation. It arrives in the West with whatever wear accrues in the operation of moving west. It is then equipment needing repair. Now, the simple question is, Where it shall be repaired? It has to come to the East anyway. Shall it be repaired before coming east or shall it come to one place, Washington, to be repaired and then distributed to New York, which is the great place which needs serviceable equipment. The only place, as Mr. Graham points out, which is in the same class with New York, as regards needing more equipment than comes to it normally, is Chicago, and therefore that would seem to be the place where a subrepair shop might be established in the interest of the service. But beyond that the recommendation of the accountants is not regarded as good administration.

The CHAIRMAN. A recommendation was made for a subrepair shop at Chicago?

Mr. GRAHAM. Yes, sir; we have that in our report.

The CHAIRMAN. Has any provision been reported in this Congress that you know of to carry that into effect?

Mr. GRAHAM. I understand a provision is in one of the appropriation bills. I have not seen the bill, but I have been so informed. All we wanted was \$5,000 for rent and power. We propose to move part of the machinery from the Washington shop, together with some of the employees.

Mr. McCLEARY. There would be no increase of salary?

Mr. GRAHAM. No, sir.

Mr. McCLEARY. The employees are on the roll now?

Mr. GRAHAM. Yes, sir.

Mr. McCLEARY. The cost would be the setting up of the machinery in Chicago and the operating of the machinery?

Mr. GRAHAM. Yes, sir; rent and power.

Mr. McCLEARY. Would there not be a place in the Chicago post-office?

Mr. GRAHAM. I have made inquiry about that, and they want all the room they have there.

Mr. McCLEARY. They are calling for more room.

Mr. GRAHAM. I do not know about that.

The CHAIRMAN. That would require an additional superintendent?

Mr. GRAHAM. Yes, sir; we can send a man from here. I had Mr. McMurray in mind. He is a very good man.

Mr. McCLEARY. In order to secure uniformity of method, and thus efficiency and economy in operation, it is better to have the repairs made in as few places as possible, as then we will have uniformity of method of operation. If you have them made in a great many different places, you will have as many different modes of operation as you have places.

The CHAIRMAN. Is there economy in having the repairs made here rather than in New York?

Mr. GRAHAM. I think so. The rents there are so very much higher than here, as also is labor. I know that we had some of our laborers attached to the New York office and we had to pay them

more money. They claimed that they could not live in New York on what they received in Washington.

The CHAIRMAN. The accountants say:

It would seem that the inspection of bags is not as efficient as it should be, as on a recent examination of those sent in to the mail-bag storehouse as in perfect condition many were found to be in need of repair. We also noted incidentally that a test of bags returned to the store during two consecutive days in May, 1907, disclosed 82 pieces of mail matter still left in the bags.

Mr. GRAHAM. That is the fault of the postmaster. In our inspection we discover that fact. Barely a day passes that we do not find mail in the sacks and pouches.

The CHAIRMAN. Do you report that?

Mr. GRAHAM. Yes, sir; and we turn the matter over immediately to the Washington office for dispatch.

Mr. McCLEARY. There is a daily report made.

The CHAIRMAN. Is the attention of the postmaster called to the dereliction?

Mr. GRAHAM. Yes, sir. A list is made up expressly for that purpose. It is sent to the First Assistant Postmaster-General, and he puts it in the record of the postmaster at fault, after notifying him.

The CHAIRMAN. Is it usual that these are single pieces, or does it sometimes happen that there are several pieces of mail matter left in a bag?

Mr. GRAHAM. Frequently a package or several, but usually single pieces.

The CHAIRMAN. Do you know about the days referred to?

Mr. GRAHAM. No, sir; I do not.

The CHAIRMAN. You would not be able to say how many bags were tested on those two days?

Mr. GRAHAM. No, sir; I can not say. There may have been all of 15,000 opened and shaken out on those two days.

The CHAIRMAN. The accountants say (page 28):

There are no cost records showing either the average cost of repairs or the average cost of locks and other metal fittings manufactured in the lock shop.

Is that true?

Mr. GRAHAM. There is no elaborate book account of costs kept, but before a job is undertaken I have a statement as to the cost, including material, labor, and everything except rent, light, and power. They pay for power out of another branch of the Department.

The CHAIRMAN. Would it not be well to ascertain occasionally what the average cost of locks and other metal fittings manufactured in the lock shop is, so as to determine whether it is reasonable?

Mr. GRAHAM. Yes, sir; we do that now.

Mr. McCLEARY. How do you do it?

Mr. GRAHAM. By figuring the actual cost of labor and material, supervision, etc. We bring it down to the cost of a single lock.

Mr. McCLEARY. Then you go on that hypothesis without keeping an elaborate set of books, so as to know how many you can turn out every day?

Mr. GRAHAM. We have a record of the number turned out every day.

Mr. McCLEARY. You do, in fact, keep a system of cost records?

Mr. GRAHAM. Yes, sir.

Mr. McCLEARY. That is effective?

Mr. GRAHAM. Yes, sir.

The CHAIRMAN. What are supplied by the contractor at Lyons?

Mr. GRAHAM. Pouches and sacks; pouches for first-class matter and sacks for second, third, and fourth class matter.

The CHAIRMAN. Are the locks supplied under a separate contract?

Mr. GRAHAM. They are all made at our lock shop.

The CHAIRMAN. You make the locks?

Mr. GRAHAM. Yes, sir.

The CHAIRMAN. And the other metal fittings?

Mr. GRAHAM. Yes, sir; we manufacture all the metal fittings under designs made by our own people. We pay no royalty on anything.

The CHAIRMAN. Were those always made by the Government?

Mr. GRAHAM. No, sir; they were formerly made under contract. For instance, the registry locks under the last contract cost \$1.50 apiece. We make them now for 90 cents and make a better lock in every way.

The CHAIRMAN. That is not including anything for the plant?

Mr. GRAHAM. No, sir; we do count a little for wear and tear of machinery in our figures, of course.

Mr. McCLEARY. You count nothing for rent, light, or fuel?

Mr. GRAHAM. No, sir.

The CHAIRMAN. Referring to the pneumatic service, is the system in Philadelphia a fair one to judge by?

Mr. McCLEARY. I think so.

The CHAIRMAN. Both as to efficiency and as to service rendered?

Mr. McCLEARY. Yes, sir; I think Philadelphia would give a very fair idea of the value of the service.

The CHAIRMAN. Is all the mail between the stations that are on the pneumatic tube line and the post-office transmitted by pneumatic tubes?

Mr. McCLEARY. You mean in Philadelphia?

The CHAIRMAN. Yes, sir; in Philadelphia.

Mr. McCLEARY. Practically all of the first-class mail is carried through these tubes for the branch post-offices on the lines and to and from Broad Street station except, possibly, when there is a very large mail which would be delayed if sent through the tubes.

The CHAIRMAN. Is the mail from Broad Street station and the postal stations sent direct or does it go via the city post-office?

Mr. McCLEARY. The mail for stations J and C is sent direct by tubes from Broad Street station. The mail for the other branch post-offices, i. e., S. O. and Bourse, is sent by tubes via the general post-office. We are extending the service to others. There are many stations, Mr. Chairman, that we probably will not serve. There are stations out in the residential districts which may not be served for years to come, if ever. You see, the pneumatic-tube service costs us \$17,000 per mile per annum, and a station that does not receive a quantity of mail sufficient to warrant an expenditure like that would not be included in our pneumatic-tube list unless it happened to be between the post-office and some larger station to be served. Then it might come in, not for its own sake, but just incidentally on the way to the larger station. Philadelphia has one partly residential station supplied (it has just been covered within the last two months) up in the northern part of the city. But it is

not the policy of the Department to carry into residential sections the pneumatic-tube service, for the reason that the quantity of mail handled would not justify the very heavy expenditure; and usually that is social mail, which is not under the necessity of such great expedition as the business mail.

The CHAIRMAN. Is that \$17,000 per mile a flat rate all over the country or is that only in Philadelphia?

Mr. McCLEARY. No, sir; that is the rate almost everywhere. That is the contract rate. We are authorized by law to pay not to exceed \$17,000 per mile. We advertise for the service. The lowest bid we get is \$17,000 per mile. It is within our authority to accept that bid, and we do accept it. We have in one or two places service at a less rate than that. That was when there was competition. To-day there is an understanding between the pneumatic companies which prevents competition in the bidding.

The CHAIRMAN. Where are those tubes usually laid?

Mr. McCLEARY. Under the street. "The shortest practicable route" is the way we usually make the contract. That takes cognizance of the fact that sometimes the street is so fully occupied with substructures of different kinds for gas, electric light, subways, telephone conduits, and all that sort of thing, that it is impracticable to get in there with another tube. Sometimes the pneumatic people have to go a little out of their way in order to get a place for the tube at all. But they must go by the shortest practicable route. And we must be satisfied, if they go out of their way, that that is absolutely necessary, or else we pay them only for the shortest practicable route although they may go the longer route.

The CHAIRMAN. Will you describe the efforts made and being made to reduce the weight of equipment?

Mr. GRAHAM. By the adoption of our present Class C pouch there will be a saving in transportation amounting to \$1,800,000 during the year. That is all there is of the pouch now [exhibiting pouch]. This is simply the head of the pouch.

Mr. McCLEARY. That used to be what?

Mr. GRAHAM. Twelve heavy staples and a heavy head of canvas, formerly leather, but we reduced the weight by substituting canvas. Now, we have brought it down to this.

This [exhibiting statement] may be of interest to you as showing how we reach those figures.

(The statement referred to follows:)

POST-OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER-GENERAL,
DIVISION OF EQUIPMENT,
Washington, February 15, 1908.

HON. JAMES T. McCLEARY,
Second Assistant Postmaster-General.

SIR: Referring to the subject of mail equipment, an item involving comparatively small cost for construction and maintenance, but incidentally and indirectly involving great expense in connection with the transportation of mails, it may not be improper to call particular attention to what has been accomplished during the past seven years toward reducing the weight of ordinary mail pouches. In the year 1900 the matter of developing some sort of a device which would reduce the weight of pouches without lessening their effectiveness in any way was taken up with the result that there was produced at the mail lock repair shop, under the immediate supervision of the superintendent of that shop working in cooperation with this office, a strap and

buckle arrangement designed for use in connection with a bag having a top or head made of soft but strong fabric.

At present, it is probably safe to say that over 80 per cent of the pouches used in transporting the mails over railroads are of the soft-head class, and this per cent is gradually becoming greater as the old and heavier pouches are retired from service.

While it would be practically impossible to show the actual saving to the Government effected by the change in style of mail pouches as above indicated, it is a fact that large saving in expense has resulted. It is believed that the following figures, although of an approximate nature necessarily, are conservative, which, if so, will give a fairly accurate idea of the result as affecting expenditures for mail transportation. These figures will no doubt be of interest to you, and possibly so to the Hon. Jesse Overstreet, who has given the subject attention.

Weight of pouches in general use, 1900.

Material.	Size No. 2.	Size No. 3.	Size No. 4.	Size No. 5.
	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.
All leather.....	11 3	8 12	6 14	5 4
Canvas, with leather top and bottom.....	8 3	7 0	5 0	4 0
Canvas, with leather bottom.....	8 9	7 2	5 12	4 0
	3) 27 15	22 14	17 10	13 4
Average weights.....	9 5	7 10	5 14	4 6
Weights of the soft-head pouches (collar fastener).....	5 4	4 13	4 0	2 6
Decrease in weights.....	4 1	2 13	1 14	2 0

The retirement of the old styles has been going on rapidly, and while it is impossible to state the proportionate quantities of those styles it is safe to state that the all-leather class in 1900 represented far more than one-third of the total, thus insuring the above average weights of the Nos. 2, 3, 4, and 5 pouches (old styles) to be under rather than over the actual average weights of the pouches in use during the year 1900.

Pouches for ordinary mail in the service July 1, 1907 (see report for 1907, page 143), 244,354.

Soft-head pouches, with collar fastener, issued up to July 1, 1907, only, practically all of which are in the service, 195,759, or 80 per cent of the total.

Taking the totals for ordinary pouches in use July 1, 1907, in connection with above figures relating to weights, we have:

Size.	Pouches in use July 1, 1907.	Soft heads, 80 per cent.	Saving per pouch.	Total reduced weight.
			Lbs. Oz.	Pounds.
No. 2.....	101,173	80,938	4 1	328,810
No. 3.....	79,311	63,448	2 13	178,447
No. 4.....	35,810	28,648	1 14	53,715
No. 5.....	28,060	22,448	2 0	44,896
				605,868

The following classes cover the bags used in connection with railroad transportation:

Ordinary pouches, sizes 2, 3, 4, and 5.

Catcher pouches, one size only.

Through registered pouches, sizes 1, 2, and 3.

Inner registered sacks, sizes 2, 3, and 4.

Sacks for second, third, and fourth class matter, sizes 1, 2, and 3.

Sacks for ordinary foreign mail, sizes 0, 1, 2, and 3.

Sacks for registered foreign mail, sizes 0, 1, 2, and 3.

About all of the bags of the last two classes go direct from the New York office to steamship lines, and but a small per cent of them come in contact with railroad transportation. However, we have included the weight of all of these bags in the total weight of bags, as stated below.

The total weight of bags of above seven classes, July 1, 1907, based on the quantities as shown on page 143, report of 1907, and the respective weights of the various bags indicated, was 6,492,464 pounds, or less by 605,868 pounds than would have been the

case under the conditions existing in the year 1900. This represents a saving of over 8½ per cent, an item of much significance when considered in connection with the report of your office for the fiscal year ended June 30, 1900 (pages 36 and 37), showing weight of mail matter and the equipment used in transporting it for a period of thirty-five days, during the general weighing October 3 to November 6, 1899.

The figures become more significant when considered in connection with the cost of railroad transportation of the mails.

The annual rate of expenditure for railroad routes, year ended June 30, 1907, is stated as \$45,118,872.34. See page 3, report of 1907.

By the report for the fiscal year 1900 (see pages 16 and 37) it is noted that the weight of equipment used in transporting the mails exceeded the weight of mail matter carried, the ratio being then 51 plus to 49 minus. With a continuance of this ratio to the year 1907, the cost of railroad transportation for that year could be divided, showing: Cost of transporting equipment, \$23,010,624.89; cost of transporting mailable matter, \$22,108,247.45; but there having been a reduction of 8½ per cent in the weight of equipment, from the standard of 1900, the present equipment should represent a lesser per cent of the total weight carried by railroads by 8½ per cent of 51 per cent, or 4.335 per cent. This leaves the ratio of weights carried by railroads as 46.665 per cent of equipment to 53.335 per cent of mailable matter. Dropping the decimals, we have 47 per cent of equipment and 53 per cent of mailable matter. On this basis the cost during the year 1907 for railroad transportation would read:

For equipment.....	\$21, 205, 870.00
For mailable matter.....	23, 913, 002.34

Comparing these figures with those based on conditions of the year 1900, we find:

Cost of transporting equipment, fiscal year 1907, in case the old-style pouches had continued to be the standard.....	\$23, 010, 624.89
Cost of transporting equipment, fiscal year 1907, with 80 per cent of the ordinary pouches of the soft-head class (collar fastener).....	21, 205, 870.00

Saving in one year by the introduction of the collar-fastening device. 1, 804, 754.89

As heretofore stated, while it is impossible to show the result to a mathematical certainty, the above statement is believed to be conservative throughout and the saving for one year fairly well indicated in the sum of \$1,804,754.89. The conservatism of these figures may be pointed out by the fact that the weight of all sacks used in connection with the foreign service was included in the total weight of equipment, thus lessening the per cent of reduction in weight, whereas most of the sacks used for dispatch of foreign mails do not come in contact with railroads; also in the case of 46.665 per cent equipment to 53.335 per cent mailable matter for year 1907, we dropped the decimals and increased the per cent of equipment to 47 per cent, thus increasing the subtrahend in our final subtraction above and decreasing the amount indicated as saved.

Respectfully,

(Signed) THOMAS P. GRAHAM,
Chief Division of Equipment.

In addition to this, I want to say that bids are to be opened on the 18th of May for new mail-bag devices, and I want to enter a bag in competition, if I am permitted to do so, that will reduce the weight of the present bag nearly one-half. The present bag weighs 6 pounds 4 ounces. The new one will weigh three pounds 7 ounces. That will make an enormous difference in the transportation charges.

The CHAIRMAN. I hope you will be permitted to enter the competition.

Mr. GRAHAM. I hope so.

The CHAIRMAN. And that none of the judges will be subordinates—

Mr. GRAHAM (interrupting). They will be experts.

The CHAIRMAN (continuing). So there may be a fair determination, no matter who the competitors are.

Mr. GRAHAM. All the improvements made in our shop cost the Government nothing. We have some good designers, and they know

what they are about. Every metal piece that we have now is not only made there, but is designed there, to reduce the weight of the metal pieces used formerly; and if we can succeed in getting this new pouch used I think we will have reached the limit in the way of equipment without weakening it at all.

The present cord fastener weighs $3\frac{1}{2}$ ounces. It is made of steel, and as a substitute for that we propose to use an aluminum cord fastener, made after the same design, which will weigh just about one third of that, and there will be a corresponding reduction in the ordinary label cases. We propose to use the same material, aluminum, instead of steel.

Mr. McCLEARY. What do you call that, reenforced aluminum?

Mr. GRAHAM. Alloyed aluminum.

(Thereupon the committee adjourned.)

COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Monday, April 13, 1908.

The committee met this day at 10.30 o'clock a. m., Hon. Irving P. Wanger (chairman) presiding.

STATEMENT OF MR. ALEXANDER GRANT, GENERAL SUPERINTENDENT, RAILWAY MAIL SERVICE.

The witness was duly sworn by the chairman.

The CHAIRMAN. Mr. Grant, how long have you been general superintendent?

Mr. GRANT. Since the 1st of March last year.

The CHAIRMAN. And what position did you have prior to that?

Mr. GRANT. That of assistant general superintendent.

The CHAIRMAN. How long had you held that position?

Mr. GRANT. I do not remember the date. Since some time in 1897.

The CHAIRMAN. And prior to that?

Mr. GRANT. I was chief clerk in the office of the general superintendent.

The CHAIRMAN. For how many years?

Mr. GRANT. I was made chief clerk on the 1st of January, 1885.

The CHAIRMAN. Have you read the report of the accountants and their recommendations?

Mr. GRANT. Portions of it, only.

The CHAIRMAN. And have you read the report on business methods of the Post-Office Department relating to the railway mail service?

Mr. GRANT. Yes, sir.

The CHAIRMAN. Are the facts therein stated correct?

Mr. GRANT. Substantially, I think. I have not read the report, perhaps, with sufficient care to say that it is correct in every particular.

The CHAIRMAN. What is your opinion of the recommendations made by the accountants?

Mr. GRANT. I think that some of them are very good, so far as they relate to our service. I do not think their recommendations for the organization of the service are as good as our present organization.

The CHAIRMAN. What is your judgment of a suggestion for monthly returns by divisional or district offices?

Mr. GRANT. Monthly reports of failures of railroads. Is that it?

The CHAIRMAN. That must be a monthly report.

Mr. GRANT. If I understand that, it means a monthly report covering the status of the service in each division. I do not consider it necessary.

The CHAIRMAN. How frequently are reports made by the division or district offices?

Mr. GRANT. Yearly.

The CHAIRMAN. Would it involve considerable additional labor and expense to make monthly reports?

Mr. GRANT. Undoubtedly.

The CHAIRMAN. Can you give a general estimate of about how much?

Mr. GRANT. No, sir; I do not think that I can. But it would probably necessitate an additional clerk, or possibly two, in each division. The clerk who would make up that data would have to be a man thoroughly acquainted with the service. I should say it would involve an expenditure of from \$1,000 to \$2,000 a year in each division. There are eleven divisions.

The CHAIRMAN. The next suggestion is that regular conferences should be held between the general superintendent and the district superintendents.

Mr. GRANT. We now call the division superintendents in for conference; call them to Washington, I mean, for a conference, at irregular periods. Sometimes only one year would elapse between such conferences; sometimes two or three years. But they do come together from time to time to discuss matters of general interest with a view to making the practice of the service uniform in regard to blanks, penalties, and other matters in which there may be a difference of opinion. There is no regular stated time. They are called in at the discretion of the general superintendent. The individual superintendents, however, are at liberty to come to Washington whenever they have any matter which they desire to talk over with the officials of the Department. I think that our present practice meets fully the necessities of the service. They come together whenever there is a necessity for their doing so. If they were called here at regular intervals and more frequently, they would simply talk over a great many irrelevant things and probably waste a good deal of time and involve the Department in more or less expense.

The CHAIRMAN. Are the requirements and conditions of the service varying, or are they generally uniform?

Mr. GRANT. They are generally uniform.

The CHAIRMAN. Is any alteration necessary in the conditions under which the salaries of R. P. O. clerks are automatically reduced by change in the service from the R. P. O. car to the compartment car, or in the rates charged for mileage by the clerk in the execution of his duties?

Mr. GRANT. The present organization of the service is not all that could be desired. The organization, however, is well adapted to meet

the varying conditions under which the men work. You can not adopt any particular standard and have it suit all the lines. If you adopt mileage as the basis of pay, you will be unfair to a great many very important but nevertheless short lines. Take, for instance, the run from New York to Washington, which is a comparatively short line of six hours' run; but those men work four, five, or six hours before they leave. Then, again, you can not take the hours of duty as a basis, because you will find that the hours of duty are the greatest on the lightest lines. Take some light line that does not carry any mail to speak of out in some one of the Western States.

The mail car may be attached to a freight train or a mixed train, and it will take all day to get over the road a distance that an eastern line would cover in three or four hours. You can not take the scope of distribution, because that varies very much. A man out on the Pacific coast, we will say, running from San Francisco to Los Angeles, will work just as hard as a man does running from New York to Pittsburg, but his scope of distribution is naturally limited because the country is not as thickly settled. The number of offices in those Western States is small. Take Arizona, for instance. I do not think there are 200 offices in the whole Territory. Consequently, when a clerk covers the distribution that he would naturally cover on a line of that kind, taking, we will say, New Mexico and Arizona, California, Oregon, and Washington, he has covered everything that he needs to work, yet his distribution does not compare with the scope of distribution of a man running through Ohio or Indiana, or Pennsylvania, where in one State he will have nearly as many offices as the man in the West will have altogether; and so in the organization of the service we have been compelled to consider all of these factors. The automatic reduction of the clerks' salaries by reason of taking out the full R. P. O. cars and substituting apartment cars is a thing that ought to be remedied in some way, and we are working on that problem. All of our superintendents have given their opinions, but they do not agree as to what is the best plan. Some of them even maintain that the present difference between a two-man-crew apartment car and the two-man-crew full R. P. O. car is sufficiently distinct and different as to justify the difference in pay. There is a difference in pay between apartment-car runs using over and under 25 feet of space.

There are other conditions, however, which go to make that up. For instance, on an apartment-car run using 25 feet of space or over, and where a man makes over 125 miles a day, and where his distribution covers more than one State, he is paid \$1,200, whereas those that fall below those requirements are paid \$1,100. There is a difference of \$100 between what we call our heavy apartment-car runs and the light ones, and in that distinction we make car space one of the factors. Now, some of our superintendents hold that as you go from 30-foot to 40-foot cars there is a difference in work; that the necessity for additional space indicates a wider scope of distribution, and more mail to work, and greater responsibility, and that, therefore, there should be a difference in pay. I do not agree with that idea, and the majority of the superintendents do not agree with it. In fact, we think that the pay should be the same on all lines requiring two men to a crew or two men and a helper. The two-men-to-a-crew full R. P. O. run is the smallest and least important of all the full

R. P. O. runs. We have apartment-car runs that require two men and two men and a helper over the entire length of the road.

Those apartment-car runs may be on the same line with full R. P. O. runs. Take, for instance, the line running from Cleveland to Cincinnati. We may have full R. P. O. cars on two trains each way, and an apartment car on a third run. There may be two men in the crew in that apartment-car run. They handle the same mail and probably work just as hard, if not a little harder, than the men in the full R. P. O. cars. Now, I say there should not be a difference of pay by reason of the fact that we do not need quite 40 feet of space or that we succeed in working the mail in 30 feet of space. There has got to be a dividing point, you understand. There has got to be some point where you run over the 30 into the 40. There is no intermediate size. When we outgrow a 30-foot apartment we go into the 40-foot car. Now, we have got quite a number of those two-men-to-a-crew full R. P. O. lines. I would not recommend that they be reduced. I do not think they get any too much pay. There are quite a number of the two-men-to-a-crew apartment-car runs. If there was some way of bringing them together, if we could increase the pay of these big apartment-car runs and put them on a parity with two-men-to-a-crew full R. P. O. lines, I think that would be an improvement in the organization.

The CHAIRMAN. Having a full R. P. O. car as against an apartment indicates an additional volume of mail matter to handle, does it not?

Mr. GRANT. Generally, yes.

The CHAIRMAN. Is it the volume of mail matter that governs the fixing of the size of the R. P. O. car service?

Mr. GRANT. Not altogether. What we call the scope of distribution sometimes determines it. Where we have to have more letter boxes and more separations of the paper racks than we can get in the 30-foot car, we have to have a 40-foot car, although the volume of mail may not be as great as on some other line where we can get the mail in 30-foot cars.

The CHAIRMAN. Is all mail matter handled in R. P. O. cars that is shipped on a particular route where those cars are in service?

Mr. GRANT. No; but it is worked somewhere. For instance, we start out with a train load of mail from New York on the Pennsylvania Railroad. The men from New York to Pittsburg have a certain scope of distribution. They are distributing mail for the States of Pennsylvania, Ohio, Illinois, and Indiana. All the rest of the mail west from Pittsburg is carried on that train as storage mail and in storage cars. When we get beyond Pittsburg, the train run being continuous, one set of men gets out at Pittsburg and another set goes in. They are on an entirely different distribution. The men east of Pittsburg have worked the great bulk of the mail for the States named. What these men west of Pittsburg have to work of the mail of Ohio, Indiana, and Illinois is simply what they pick up. They are working on the States beyond, Missouri, Kansas, Iowa, and States beyond that. So, following on that line, you see that a large percentage is always storage mail, on any one part of the run, but it is working mail somewhere. Even California mail, running from New York, eventually we have got to work that on the car, but we would not work it until we got away out beyond Ogden, so that California

mail leaving New York is storage mail all the way from New York to Ogden, and it is working mail from Ogden to San Francisco.

The CHAIRMAN. Are catalogues and other publications of different kinds handled by R. P. O. clerks the same as letters?

Mr. GRANT. Yes. They are distributed to the routes and handled in the mail cars just the same as any other class of mail.

The CHAIRMAN. Mr. Shallenbarger suggested about a year ago that there might be a difference in the rate of transportation for letter mail and for other classes of mail. Do you think that would be practicable?

Mr. GRANT. I hardly think it would. If we had a great bulk of mail that we could transport without distribution between two points such as New York and Chicago, we might make a rate and ship it in bulk, but I think it would mix matters up very much.

The CHAIRMAN. Might there not be a difference in rates between storage mail and mail to be handled?

Mr. GRANT. I do not think that would work. That is practically the same question.

The CHAIRMAN. Except that I assume that a bag of mail matter put on at New York for points beyond Ogden to be storage mail, as you state, until you reach Ogden, could be carried with much greater economy by the railways than mail which had to be handled.

Mr. GRANT. Yes; but the volume of mail for the State of California on which our men west of Ogden work is not all from New York. It is not all from any one point. It comes in from every direction, from Boston, Buffalo, Michigan, and Minnesota, and Texas. It all comes together at Ogden. You would not have enough of that matter originating in any one place to ship it in bulk to Ogden. You should have a carload, but you would have nothing near a carload from any one point, unless you got it together at a place like Omaha, and if you do not start your storage rate until you get there, you will have lost all the distance from New York. The idea that the great publications in New York could be sent to some point west by freight and then put in the mails was in General Shallenbarger's mind, I think, but it would probably delay the delivery of the matter and probably would be unsatisfactory to the people who send the matter out and those who get it.

The CHAIRMAN. Your functions are particularly those of giving mail service, without respecting the adjustment of compensation, are they not?

Mr. GRANT. Yes; the administration of the distribution part of the mail service.

The CHAIRMAN. Have you given much thought to the matter of compensation for carrying matter by railways?

Mr. GRANT. Yes. I have been connected with the service so long that I naturally have thought it over a great deal.

The CHAIRMAN. What part of the present method of compensation do you think is the most wasteful from the Government's point of view?

Mr. GRANT. Relating to transportation?

The CHAIRMAN. Yes.

Mr. GRANT. Well, Mr. Chairman, I would not say that any part of it is wasteful.

The CHAIRMAN. A few years ago the then Second Assistant Postmaster-General was very decidedly of the opinion that compensation to the railways should be made on the basis of space exclusively and not on the basis of weight.

Mr. GRANT. I think that every commission that has looked into it has made a recommendation in that direction, with the exception of the Wolcott-Loud committee. They did not commit themselves to it. The Gardiner B. Hubbard committee in 1874 or thereabouts, from 1874 to 1878, recommended a space basis. The Elmer Thompson-Slater Commission in 1886 recommended a space basis. There is a great difference of opinion among experts on that subject. Some advocate a space basis, and some think that weight is the proper basis. There certainly will be just as many objections to the space basis as to the weight basis, and the space basis is more susceptible of change than the weight basis.

The CHAIRMAN. You say less or more?

Mr. GRANT. It is more susceptible. In the first place you have got to determine how much mail you can put into a certain space and what it is worth. Then who is going to say when that space needs to be increased and when decreased? If the objection to the weight basis is that mail can be diverted to a line with the result of increasing the weight, and consequently the compensation, why can not it be diverted to a line with a view to increasing the space? If they can divert a large quantity of mail, which I deny most assuredly, from one line to another with a view to affecting the pay, they can do it on the space basis, too. Then you have got from time to time to readjust your space. The country is growing, and the volume of mail is growing with it. The railroad companies are not now going to be satisfied with the pay that they were receiving ten years ago or four years ago. They are growing. They are furnishing this additional space that we need to store the mails and to work the mails, and they naturally want pay for it. I have never been able to see any decided advantage in the space basis. If the work of weighing is honestly done there is nothing more unchangeable than weight. You put the mail on the scales and there is your weight. You can not change it. You can not decrease or increase it except by fraud. But you can stack mail so that it will take more space. You can spread it out. So that I hold that weight is a more unchangeable basis than space is. They both have their advantages and, as I say, experts differ in regard to them.

The CHAIRMAN. The railways receive additional compensation where apartment cars exceeding 24 feet of space are used, do they not?

Mr. GRANT. No. They do not get any additional pay unless they furnish a full car 40 feet long.

The CHAIRMAN. Is there any reason why they should not have additional compensation where they furnish additional apartment space?

Mr. GRANT. The rate for transportation is supposed to cover the space for distribution on the train, a reasonable amount of space; and the reason that 30 feet was fixed was that 30 feet was the half of the largest car that was then in use; and while there is nothing published on the subject, I am told by men who preceded me that that was really the way that 30 feet was fixed as the maximum—

that the officers of the Department thought they were entitled to half of a car. Baggage cars that were made, at that time were mostly 60 feet in length, so that 30 feet was the maximum that the Department asked the companies to set apart and fit up for mail purposes. When they outgrew that, they asked for and paid for a full car of the shortest size and the lowest rate of pay, which was 40 feet, at the rate of \$25 a mile per annum. Of course, every foot of space on a train is valuable. and on that account you might say that the company should be paid for all of the space that is used. But I understand that apartment-car space was included in the pay for transportation, and that that would cover all the compensation of the company until they were forced to put an additional car on the train involving additional wheelage.

Mr. COOK. You mean a full car instead of an additional car?

Mr. GRANT. Yes.

The CHAIRMAN. Probably on many routes the thing averages itself all right, where they have full R. P. O. cars and some apartment space. The case of the Long Island Railway Company has been mentioned as a railroad that has been complaining that that service is not remunerative for the reason that it has to give the number of apartments and the weight of mail does not furnish adequate compensation.

Mr. GRANT. That is true. If the train service on the Long Island road was less frequent, so as to consolidate the mail on one or two trains that we are now carrying on 20, we would have to have full cars. That is, the company would have to furnish a full car to store it. But you understand the scope of distribution would not be any greater. The service on Long Island is what is called a local service, and it would not require much more space in a car, more letter boxes and paper racks, no matter how much you would increase the weight of the mail. You would increase the amount of mail that a certain train carried for Greenport, but you would not want more than one box in the letter case and one separation in the paper rack for Greenport.

The CHAIRMAN. But the company would have many less deliveries to make?

Mr. GRANT. Yes. The expense to the company would be very much less. They would not have to furnish anywhere near as much space in the aggregate as they do now.

The CHAIRMAN. If the present compensation of the Long Island Railroad Company is adequate, does it not follow that the compensation is excessive to some roads that have fewer trains and do not have as many stations as the Long Island has?

Mr. GRANT. If that is so, yes; but they say the reverse of that is so, Mr. Chairman.

The CHAIRMAN. Who?

Mr. GRANT. The Long Island road. They do not say their pay is right. They say their pay is much too low, and that the pay of the other roads is on a proper basis. They say that the other roads are paid properly, and that they themselves are not paid properly.

The CHAIRMAN. It is very natural for them to claim that.

Mr. GRANT. Yes. I can cite you another case that you may have well in mind. There are two lines running from Pittsburg to Cleveland, the P. and L. E. and the C. and P., which is the Pennsylvania. The C. and P. had the more frequent service. They had, I think,

four mail cars a day each way, but as a result they scattered the mail so that we could put all the mail we had on any one train in a 30-foot apartment. Right alongside was the P. and L. E., running only two trains a day, in such a way that they got more mail than they could put in the 30-foot car, and they got a 40-foot car allowance, and although the aggregate mail of the C. and P. was greater, it had only a 30-foot apartment. But those are exceptional cases, and the conditions on Long Island are very exceptional.

Mr. JACKSON. Did I understand you to say that for this 40-foot car the compensation to the railroad was \$25 a mile for hauling that car?

Mr. GRANT. Twenty-five dollars for each mile of track per year, and that is for a line of cars. It is not for each individual car. It is for enough cars to make the round trip. It may require two or three.

Mr. JACKSON. The longer the trip, the more cars it takes?

Mr. GRANT. Yes.

Mr. JACKSON. Out to San Francisco it would take more cars?

Mr. GRANT. Yes.

The CHAIRMAN. Now turn to page 108, under the subhead of "(b) Field service." Should not the methods of the divisional offices for keeping books and records be uniform?

Mr. GRANT. I think so.

The CHAIRMAN. Have any steps been taken to make it so?

Mr. GRANT. We are working in that direction all the time.

The CHAIRMAN. What is your judgment as to the suggestion for records of clerks and substitutes?

Mr. GRANT. I agree with that. Then I would say, too, Mr. Chairman, that we are substituting card indexes and card records as fast as we can. We are limited as to the amount of money available for office expenses. We can not put in the card index whenever we want it, because we have not got the money to do it.

The CHAIRMAN. Would it be safe to have changes in the pay offices of clerks made without referring the matter to you?

Mr. GRANT. I see no objection to that.

The CHAIRMAN. Is there anything in the law requiring that it should be referred to you?

Mr. GRANT. I think not.

The CHAIRMAN. Then you could adopt that suggestion?

Mr. GRANT. We could, yes.

The CHAIRMAN. The criticism is made in the last paragraph under "Schedules of mail trains," page 109:

These schedules are made up on similar principles, but practically no two of the eleven compiled in each one contain identical information (in regard to the transfer clerks, etc.), although information necessary to one division would appear to be equally essential to another.

Mr. GRANT. That is not altogether true, Mr. Chairman. In the preparation of the schedules we do not restrict the division superintendents absolutely. Of course we require that the schedules be made of uniform size so far as length and breadth are concerned, so that we can have them bound, and we require that the schedules themselves, the time schedules, be made up in a certain form. But so far as original information is concerned, the division superintendent puts in what he thinks will be of the most value to the men who are going to use that schedule. For instance, take the San Francisco

division. The superintendent there includes in his schedule a complete schedule of trans-Pacific steamers. The Chicago man does not need that. He does not want it. He gets the information from the San Francisco division, and if there is anything that his men need to know as to trans-Pacific sailings he includes it in his general order, which is made twice a week. The tendency in regard to these schedules is toward uniformity, but the necessities of the different divisions will probably continue to cause differences to exist.

The CHAIRMAN. What criticism have you to make of the suggestion that the various forms of schemes should be carefully investigated and the one found most suitable should be adopted in every division or district?

Mr. GRANT. We are working in that direction. There is a great difference of opinion among our best men as to which form of scheme is the best. We have allowed them considerable latitude; the Department has allowed them considerable latitude. If the men in New England prefer a certain form of scheme and the men out in Iowa prefer another form, we see no reason why they should not be allowed to study and work as they prefer. I do not think it makes any great difference in the work, and I do not think it makes any great difference in the cost of the schemes. The necessity for uniformity of schemes does not impress me strongly.

The CHAIRMAN. What recommendations have you made to the Second Assistant Postmaster-General?

Mr. GRANT. I think, Mr. Chairman, they are all embodied in his report. You will find them on page 175, under the head of "Recommendations." Those that affect the railway mail service commence with the seventh, in which he recommends that the restriction of promotions to \$200 a year be omitted. The Post-Office Committee of the House considered that, but they did not take any action on it. The legislation of last year was permanent legislation, restricting promotions to \$200 a year. We would like to have that left out or changed. A clerk is very seldom promoted more than \$200 a year. There are some cases, however, where we think a man should be promoted more than \$200 a year, and there are two classes of cases where it works a positive detriment to have that restriction. Under the present organization of the service the pay on a line that is less than 80 miles long is at the rate of \$10 a year for every mile of the run. For instance, a clerk who runs 60 miles a day gets \$600 a year. If he runs 65 miles a day, he gets \$650 a year. Now occasionally we will want to double the service on such a line. Instead of running the clerk once over the road each way, we will want to run him twice. Now the one clerk can cover the additional service very well, and is perfectly willing to do it. But under the present law we can not give him the regular pay that would attach to that mileage; that is, \$1,100. He is getting, say, \$700 now. That prevents us from putting him up more than \$200 for the year. We could put him from \$700 up to \$900. Then he would have to work on that double mileage for a year before he could get the \$1,100. We think when we double a man's work we should at least pay him what all the other lines are paying for the same work. He is not willing, we will say, to take on that additional work and additional running for \$200, and you have either got to abandon this scheme of doubling the service or put on two men at \$700 each, which is \$1,400. I do not

see how the omission of that restriction in that class of clerks would work any harm, and I know it would do good.

The CHAIRMAN. Explain what his work consists of at the \$700 rate, and what difference would be made by the change.

Mr. GRANT. The character of his work would not change at all, but the amount of it would be doubled. Instead of running once a day over the road, he runs twice a day. You double his mileage. You may possibly double his expenses. On the one trip a day he may not be away from his home any of his meals. He may get all of his meals at home. But put him on twice a day, and the chances are that he has got to get one, or possibly two, of his meals away from home.

Then there is another class of cases. The highest pay that any clerk in the car receives is \$1,600 a year. That is the pay of the clerk in charge of a run having more than one car on the train. That man gets \$1,600, whereas the clerk in charge on a train with only one car gets \$1,500. Now both of those classes, the \$1,500 man and the \$1,600 man, are eligible for promotion to the next higher class, which is to the position of chief clerk in charge of a number of lines, such as the chief clerk at Harrisburg or the chief clerk at Williamsport. He gets \$1,800 a year. Now, with this \$200 restriction you can promote the \$1,600 man up to \$1,800, but you can not promote the \$1,500 man up to \$1,800. There are some sections of the country where we have very few \$1,600 men. In some sections we have none. If we were to create a chief clerkship, say at Spokane—we have one there—but if there was a vacancy at Spokane we have no man who could be put in and get the pay of a chief clerk under a year. We could promote the \$1,500 man to \$1,600, and then at the end of a year we could promote him to \$1,800, whereas if we wanted a man at Harrisburg, he would go to \$1,800 right away.

The CHAIRMAN. But would not the \$1,500 man be glad to get the \$100 additional immediately, and \$200 at the end of the year?

Mr. GRANT. Undoubtedly. We have not had any difficulty in getting men under those conditions, but it is a discrepancy which might just as well be cured. You may say that nobody is hurt by being compelled to wait a year, but if a man waits in one part of the country he ought to wait in all.

The CHAIRMAN. Why could not the \$1,500 man be raised to \$1,700?

Mr. GRANT. There is no \$1,700 rate provided for in the post-office bill.

The CHAIRMAN. Are there many instances where single-run clerks refuse to accept double-run duty?

Mr. GRANT. No, sir. I can not recall now, but I simply state it as a case that is liable to come up at any time.

The CHAIRMAN. The service has not suffered by it?

Mr. GRANT. I will correct that. I said I did not recall any instance. I do recall one now, and possibly two cases, that have come up since that restriction was made.

The CHAIRMAN. Has the service suffered by reason of that condition?

Mr. GRANT. The service has not suffered; no, sir.

The CHAIRMAN. Are there any other recommendations that you deem important?

Mr. GRANT. The provision allowing leaves of absence with pay to substitutes during a period of disability was recommended and has been included in the bill this year. The recommendation that a clerk who has been injured in the service and who has had his year's leave with pay and who is still unfit for service shall then be allowed 50 per cent of his pay for another year has not been acted upon. Those are the most distressing cases that we have to deal with. A man is badly injured, and he has received all the consideration that the Department can give him. He has been granted leaves of absence in periods of sixty days for the aggregate of a year. He is still unfit for service, possibly confined to his bed, possibly permanently crippled, and yet we can do nothing more for him. It seems to me there ought to be some provision made for these poor fellows, and the recommendation which I made this year does not go very far, but it is something; that is, that after one year he be allowed 50 per cent of his pay during such time as he is absent beyond the year, but not exceeding one year more. That still does not provide for men that are permanently injured.

Mr. FAIRCHILD. Is there a cooperative insurance among the railway clerks?

Mr. GRANT. Yes, sir.

Mr. FAIRCHILD. Anything that will take care of a man in case he is permanently injured?

Mr. GRANT. No. It is more in the nature of our ordinary accident insurance. It limits the benefits to a certain period and pays a certain amount on deaths or permanent disability.

The CHAIRMAN. Is that an organization among the clerks, or is it an outside company?

Mr. GRANT. It is among our own men.

The CHAIRMAN. Do they generally belong to it?

Mr. GRANT. I think the membership now is in the neighborhood of 10,000. We have 15,000 men in the service.

The CHAIRMAN. About 66 per cent?

Mr. GRANT. Yes. Then there is another insurance organization called the Mutual Benefit. That takes up probably 7,000, or 50 per cent. A great many of the men, of course, belong to both. The Mutual Benefit Insurance Company was started in 1879, and is purely an insurance concern. The Railway Mail Association, in addition to its accident and life insurance, devotes considerable time to what it considers to be matters for the benefit of the service, and goes into measures affecting pay and everything of that sort. It is quite active.

Mr. JACKSON. These people are taxed so much each month to pay up this insurance?

Mr. GRANT. Yes; precisely the same as in any other organization of that kind.

Mr. JACKSON. They pay their dues, and have to do that in order to receive benefits from the insurance? The money does not come out of the Government, but out of the employees themselves?

Mr. GRANT. Yes; it is an insurance company, like any other, only they control it themselves. They elect their officers and gain the benefit of less expense. They save high agents' fees and all that kind of thing, although they do pay fees to their officers for their services; but nothing comes out of the Government.

Mr. JACKSON. I think the Government ought to help them keep up those expenses.

Mr. GRANT. They have never asked for that.

The CHAIRMAN. The best method is to do it by fixing the compensation or rate of pay.

Mr. GRANT. I do not think there is any way by which you can do it. The men are handling their own business, and they like to handle it, and they handle it much more cheaply than anybody else could.

We think that a clerk should have an annual leave, not an annual leave that would involve any expense really upon the Government. Now, if a clerk wants to be away for any reason except sickness, if for any personal reason, he loses his pay, the Comptroller having ruled that if a man does not work he does not get any pay. If a wedding or a State fair comes during a man's week on the road and he wants to go to it and does go he loses his pay. Now, we want a provision made whereby a clerk may receive his pay for thirty days each year and be absent from duty, he to provide a substitute. Until the Comptroller made his ruling there was no restriction at all. A man could be absent for a tour of duty, say six days, which with six days lay off on each side of his tour of duty would give him eighteen days. You understand a great many of our men run six days and lay off six days, so that by getting leave for the intervening six days he could be absent for eighteen days and be able to take a trip or do anything he pleased, he of course providing a substitute. They have not done anything with that.

The CHAIRMAN. When was that ruling made?

Mr. GRANT. Two years ago, I think. I can give you the exact date, but I have not got it here.

The CHAIRMAN. Do railway mail clerks get any leave at the present time except for sickness?

Mr. GRANT. The clerks who run every day in the year except Sunday get fifteen days, and they get that clear. They do not have to pay a substitute. We do not ask that for these men who have their regular lay-off periods. We try to arrange that so as not to impose any hardship on the men by reason of excessive hours of duty; but you can readily understand that a man would like to have during the year some time to himself without loss of pay, provided the Government does not suffer. If a man wants to take a trip for two or three weeks, and he writes to the division superintendent and says, "I want to go away, and I will put this man on as a substitute until I come back, and I will pay him;" if the substitute is able to do the clerk's work—and we would not take him unless he was—and is able to render full service, I can see no objection to allowing that man to go and draw his pay. It is simply a convenience to him.

Mr. FAIRCHILD. What is the advantage to the man if he has to pay a substitute?

Mr. GRANT. In some cases there is a difference in their salaries. The substitutes are paid \$800 a year, and a man may get \$1,400 or \$1,200, and in that case, of course, he enjoys the difference.

We recommended that the fifteen days' leave which these men get who work every day in the year should be made exclusive of Sundays and holidays, and the committee has made that change in the bill for this year.

We also recommended that some action be taken in connection with the transportation of our men under the Hepburn rate bill, which now

controls. The railway postal clerks are included in the exceptions to the pass section of that bill as to free transportation. Now, some railroads construe that to mean that they can grant transportation only when a clerk is actually on duty in his car. Others construe it to mean that whenever they please they can give a postal clerk all the transportation they please. We have always considered a clerk on duty when he was at work in his car, when he was going to and from his home, or when he was traveling under orders from his superior, and have put the question up to the Interstate Commerce Commission and asked them to put that construction upon the law. They have not answered yet—I do not know what the reply will be, but it is going to be quite a serious matter for quite a number of our men if they are deprived of transportation when going to or from their homes; and it would be, in my judgment, detrimental to the service, because it is an advantage to have some men scattered along the line. If all the men, we will say, running from Elmira to Baltimore lived at Elmira, and if for any reason we wanted a man down at Sunbury or Harrisburg, we could not get him. If he had been living at Sunbury or at Harrisburg we could telegraph him to take that train. In other words, if all the men live at the initial terminal, after the train has gone you can not get one, and often it is necessary to do that.

Then another thing, a good many of our men live away from the initial terminal, because it is less expensive. The terminals are usually large cities, where the cost of living is high. A man can live out a short distance and get his house rent cheaper, and his living expenses are very much less.

The CHAIRMAN. Are you sure that the railway companies have taken the position that they are forbidden by the act to grant this transportation?

Mr. GRANT. Some of them do take that position, but they have not as yet enforced it. They take that position, and they are the ones who submitted the matter to the Interstate Commerce Commission, and they secured a letter from Commissioner Harlan individually, putting his construction on the bill, in which while he did not touch upon these particular cases that I am talking about—that is, while he did not mention railway postal clerks going to and from their homes—he said that when a man traveled for his own convenience or pleasure he should pay for it. The railroads have not put that into actual practice by compelling our men to pay, but they are liable to do it, and if the Interstate Commerce Commission places that close construction on the law we would like to have it modified so that a clerk shall be given transportation whenever we want to move him, and that he shall be given transportation to and from his home as long as he lives at a place that is satisfactory to us. The regulations now require a man to live upon the line on which he runs. A man can not run between New York and Washington and live over at Pittsburg or at Harrisburg. He has to live on the line. The only ones that are excepted from that are men who were in the service in February, 1895, when that act upon which the regulation I have mentioned was based was passed. That act required the clerks to live on the line of the road upon which they ran, but excepted those then in the service. As I say, a good many of our men live at other points than at the terminals. They own their homes, and it would be quite

a hardship on them to require them to pay fare, or to break up their homes and move.

Mr. FAIRCHILD. You have no trouble in getting clerks? You have plenty of applicants, have you not?

Mr. GRANT. In some sections of the country, yes; but when times are prosperous we have considerable difficulty in getting them in some places.

Mr. FAIRCHILD. Does political influence have anything to do in obtaining positions for clerks?

Mr. GRANT. No, sir. We take the men just as they are certified to us by the Civil Service Commission, and we have had no effort on the part of Congressmen to change that when we explained to them the system. Of course a Congressman, a Member of Congress, may be interested in some man who is, we will say, fourth or fifth or sixth on the list; but when we explain to him that his turn will come, that the changes in the service are quite frequent, and that if he were selected somebody else would be knocked off the list entirely, we have never had any pressure. We take the men just as they run on the list, unless there is something in the papers to indicate that they are unfit.

The CHAIRMAN. The act of June 9, 1896, provided that all railway companies carrying mail may furnish free transportation on the line of their respective roads to railway mail clerks, and the act of March 3, 1897, provided that all railway companies carrying mail may furnish free transportation upon the lines of their respective roads to railway mail clerks. The inhibition against free passes in the Interstate Commerce act contains a number of exceptions, but there is no provision compelling the railway companies to grant free transportation to any of the persons named in the exceptions. You do not suggest that there should be a compulsory provision of law, do you, that railway mail clerks shall have transportation except in the performance of duty?

Mr. GRANT. If the Interstate Commerce Commission takes the view that a railway postal clerk is only entitled to transportation when he is actually at work in his car, then I think there should be some positive legislation on the subject. It has been the practice of the Department for a great many years to consider a clerk on duty when at work on his car, when going to and from his home, commencing or ending a tour of duty, or when he was traveling under orders. We sometimes find it necessary to order a man by wire to take a certain run in an emergency. We should not be put to the trouble of paying the fare of that man, or of having that man pay his own fare and then reimbursing him, or, when he is entitled to transportation, to have the Second Assistant Postmaster-General deduct that amount from the amount due to the company. That is a roundabout way to get it. The companies should understand that when a man has his orders from a competent authority to go from one place to another, that they must be recognized.

We call attention again to the necessity of providing some form of relief for men permanently disabled. Of course, the Keap Commission suggested a remedy for superannuated clerks and employees, and a great many measures have been submitted. The general superintendent has submitted forms of bills to cover this question, providing for a certain deduction in the pay of the men themselves,

and that the Government should bear its share, or a share, of the cost. Nothing has been done as yet. We feel the necessity for it more than any other branch of the public service, because of the necessity in our service for young and active men. Our service suffers more from the old and partially disabled men than any other branch of the service, because they generally have more places than we have to put men of that sort. We have very few. The number of men in our service employed in clerical positions is very small indeed in proportion to the number of men in the service. You may say that all our men must be physically able to go into a postal car and do the work or to be at the depots and attend to the duties of transferring the mails. We try to put them down to other lines where the work is lighter, but we eventually come to the point where a man is not able to do anything, and we do not know what to do with him. Of course that is a problem that is up to every administrative officer in the Government service—what to do with the old men. I would be very glad if something could be done, but the difficulty with the proposition to make a deduction in the pay of the men is that the men themselves do not want that. I am not sure but that we could have gotten a bill of that kind through if it had not been for the opposition of the men themselves. They would go to their Member of Congress and say, "We do not want that." The fact of the matter is that they do not seem to want anything that is going to take money out of their pockets.

The CHAIRMAN. Does their organization make any provision for employees who are discharged by reason of age?

Mr. GRANT. No, sir. I think the people in the Life-Saving Service are the only ones who are provided for in any way, and we have always maintained that probably our service was more akin to that than any other branch of the public service. They are subject, of course, to all the dangers of the sea. Our men are subject to all the dangers of the rail, and I do not know but that one is as bad as the other.

We made a recommendation that substitutes be guaranteed \$25 a month.

The CHAIRMAN. Under what conditions are substitutes appointed?

Mr. GRANT. Substitutes form an intermediary class between the men who are on the eligible register and the men holding permanent appointments. When a vacancy occurs on the line we appoint to that vacancy the oldest substitute living in the counties that that road runs through. That creates a vacancy in the substitute corps. We call upon the Civil Service Commission to make a certification, and the man who is selected on that certification is appointed to fill that vacancy in the substitutes. A man is never appointed from the eligible register to a regular place in the service. He is required to go through this substitute force. We are allowed to have a substitute for every 10 clerks. In some sections of the country that is ample enough, and more than we need. In other sections we find difficulty in getting enough substitutes, not perhaps because 1 in 10 is not a sufficient ratio, but because the men who are put on the substitute list are unwilling to go to work. They may, perhaps, have other employment, and they ask to be excused. When we can excuse them, we do. That simply gives the other men more work. But in many cases the compensation of the substitute is very preca-

rious. If we could guarantee the substitute eleven days' work in a month, or make up to him the difference, we think it would make the position of substitute a little more attractive, and we would probably get better men and enable them to live until they can get a regular appointment. Some of these substitutes earn enough; some earn \$800; but as a rule they do not get that much.

The CHAIRMAN. As a rule you have about 1,500 of them?

Mr. GRANT. Yes.

The CHAIRMAN. Do you know how much was paid to them during the last fiscal year?

Mr. GRANT. No. We do not keep track of that. We do not pay them.

The CHAIRMAN. Do you know what expense would be involved?

Mr. GRANT. In making that recommendation we asked for an appropriation of \$50,000 to cover it.

The CHAIRMAN. Was not that largely a guess?

Mr. GRANT. We figured on it pretty carefully. We went through our books and figured pretty carefully.

The CHAIRMAN. Suppose the number of substitutes is reduced to 1 to 15 clerks?

Mr. GRANT. We would not have enough. Some of our superintendents say they do not have enough now.

The CHAIRMAN. When a substitute declines to act, does that terminate his being a substitute?

Mr. GRANT. If we need his services and he is not willing to work and qualify himself for the work by taking up and studying schemes and qualifying himself, we drop him off. You understand, Mr. Chairman, this does not contemplate paying a man \$25 a month if he does not work. The real effect of that is that we will give the substitutes \$25 worth of work per month.

The CHAIRMAN. In other words, you want authority to pay every substitute who is called upon to do any work not less than \$25 a month?

The CHAIRMAN. And not to benefit any substitute who should not happen to be called upon?

Mr. GRANT. No, sir. It does not really benefit the substitute, if you consider that a day's work is worth a day's pay, because we propose to make him work for the \$25.

The CHAIRMAN. What would you do with him in some cases?

Mr. GRANT. In some cases of course he would be a supernumary in the crew, occasionally, I have no doubt. He would be there, and we might get along if he were not there; but those cases would be few. Of course we would feel more justified in sending him out, rather than to send out a regular man extra, which we do not like to do, and which is very distasteful to the men. We would feel more like sending the substitute out if we knew that provision was made for his pay.

The CHAIRMAN. Now will you turn to page 25 on the report on the business methods, the report of the accountants to the Joint Commission. I will read from the first paragraph on page 25:

Inquiries made in the division of railway mail service in the Department developed the fact that the superintendent and his immediate assistants were entirely ignorant of the methods employed in the field to calculate the train values, and further inquiries made in the divisional offices showed that the methods employed varied in each.

What criticism have you to make of that?

Mr. GRANT. I think it is rather unfair. The same instructions are issued to all superintendents. Now, to say that we are entirely ignorant rather looks like unfair criticism. If I issue an order to the division superintendents, they are supposed to obey it. In that case the orders were issued to all the division superintendents and they all obeyed it. The only difference was that some of them did not construe the orders the same as the others did. We could, of course, have gone back to the division superintendents and made them explain in detail just how they arrived at those figures; but the figures were apparently correct, and that was not done. I can not tell you why it was not done.

The CHAIRMAN. You will soon have another weighing of mail. Don't you think it would be well to call the attention of the division superintendents particularly to this subject?

Mr. GRANT. That was all threshed out at the time the accountants were there. We called on the division superintendents to show just how they figured it. That has all been corrected.

The CHAIRMAN. They have all been instructed?

Mr. GRANT. Yes, sir.

The CHAIRMAN. Can you give us any suggestions further than you have touching the economy, justness, and correctness of the expenditure in the railway mail service?

Mr. GRANT. I do not know of any suggestion, Mr. Chairman, that I could make. Most all of the ideas that we are working out now call for greater expenditures, rather than less. I do not think we are expending any money unnecessarily. I do not think the compensation of our officers and employees is too high. I do not think the service should be cut down any. The people demand it. The people are demanding an enlargement of the service all the time.

The CHAIRMAN. What are you working out that will require additional expenditures?

Mr. GRANT. Well, that matter, for instance, that I spoke about earlier in the hearing, of equalizing the salaries on these different lines. If we equalize the salaries of clerks, two men to a crew, full R. P. O. line, and two men to an apartment-car line, it will be in the direction of increasing the apartment-car men rather than decreasing the other. I would not recommend any considerable decrease in the salaries of any of our men, because I do not think they are overpaid.

The CHAIRMAN. Can you form any approximation of what that increase would be?

Mr. GRANT. Yes, sir; I have figured it all out. It would cost \$152,200 per annum increase to make the change; 1,115 clerks would be affected.

The CHAIRMAN. Now, you know of no retrenchment that is possible without disadvantage to the service?

Mr. GRANT. Not in our service, Mr. Chairman.

Mr. JACKSON. I do not see that he is able to save anything.

Mr. GRANT. You can not save anything while the country grows and the service grows as it does. It is growing all the time. When I came here there were 3,200 men in the service. Now there are 15,000.

AFTER RECESS.

The committee met at 2.30 o'clock p. m., Hon. Irving P. Wanger (chairman) in the chair.

STATEMENT OF MR. E. P. RHODERICK, CHIEF OF THE DIVISION OF CONTRACTS, POST-OFFICE DEPARTMENT.

The witness was sworn by the chairman.

The CHAIRMAN. You are chief of the contract division in the Bureau of the Second Assistant Postmaster-General, and have been for how many years?

Mr. RHODERICK. Since 1899.

The CHAIRMAN. What position did you have prior to that?

Mr. RHODERICK. Assistant to the chief clerk to the Second Assistant Postmaster-General.

The CHAIRMAN. For how long?

Mr. RHODERICK. About six years.

The CHAIRMAN. Prior to that what position did you hold?

Mr. RHODERICK. Clerk in the division of contracts, office of the Second Assistant Postmaster-General.

The CHAIRMAN. For how long?

Mr. RHODERICK. From July 1, 1880.

The CHAIRMAN. Have you read the report of the public accountants to the joint committee on business methods of the Post-Office Department, as related to your division?

Mr. RHODERICK. Only such sections as I found under subheadings referring to the division of contracts.

The CHAIRMAN. Are the duties and practices of the division accurately set out?

Mr. RHODERICK. In that report?

The CHAIRMAN. Yes.

Mr. RHODERICK. Generally speaking they are.

The CHAIRMAN. What exceptions are there?

Mr. RHODERICK. I know of no definite exception to the duties and practices of the division. There is, however, an erroneous statement as to the limit of pay to temporary carriers. On page 60 of the report it is stated that the employment of a temporary carrier on a route is restricted to a rate of pay "not exceeding the contract rate." That is not correct. Temporary service may be employed at a rate of pay not exceeding the amount of the bond accompanying the proposal for the service on routes let under a general advertisement. On routes let under a bulletin advertisement temporary service "may be employed by the Postmaster-General without advertisement at a rate which he may deem reasonable," without regard to the contract rate of pay or to the amount named in the bond.

The CHAIRMAN. The accountants state that reports of changes appear to be, to a large extent, duplicates of the daybooks and unnecessary. What criticism have you to make of that?

Mr. RHODERICK. We are adopting a system as rapidly as possible by which what is now known as the daybook will be dispensed with, and the report to the statistician, heretofore taken from the daybook, will constitute the memorandum of the issue of orders and will be passed over directly to the statistician.

The CHAIRMAN. Will that change involve an increase or a diminution of work and expense?

Mr. RHODERICK. A slight diminution of work. It will not, I think, affect the expenses, as it is a very small matter, involving very little labor.

The CHAIRMAN. What do you think of the suggestion made on page 107 as to form of contract?

Mr. RHODERICK. I think the form of contract might be simplified, but under existing law it is required that the Auditor for the Post-Office Department be furnished with a copy of the contract itself. Upon this he bases report for payment for the service performed.

The CHAIRMAN. Could that same object be attained by the Auditor having one paper containing all the conditions of the contract, the same being identified in each instance as the particular contract involved?

Mr. RHODERICK. The object could probably be attained by having all of the provisions and conditions specified in a contract set forth in each advertisement, of which the Auditor could be furnished with a copy, and then having the Auditor furnished with a copy of the order of acceptance of the proposal submitted in response to such advertisement, provided that the law should be changed accordingly.

The CHAIRMAN. That would save considerable space, would it not?

Mr. RHODERICK. I do not know where any special saving of space would be effected; if you refer to file space.

The CHAIRMAN. Yes.

Mr. RHODERICK. The Auditor would have to have the notice of the acceptance of each bid under a bulletin advertisement. There would be some space saved in the acceptance of proposals under a general advertisement where the notices could be given in a single order of acceptance. A large number could be given in a single order of acceptance.

The CHAIRMAN. In how many contracts are the conditions identical?

Mr. RHODERICK. In all contracts for a full contract term the conditions are identical so far as the star service is concerned; somewhat different conditions governing steamboat service. The conditions of contracts made under bulletin advertisements vary as to period of service, the general conditions, however, being the same as under a general advertisement.

The CHAIRMAN. The accountants state, "The adoption of this suggestion"—that is, the second one, subheading 8, division of contracts—"would effect a considerable saving of time, labor, and expense in this division." What is your judgment as to that?

Mr. RHODERICK. That would save the drawing of separate contracts for each individual route, as is now done. The contract form, however, is a printed one, and the labor is confined to inserting the names of the contractors, rates to be paid, and the period of service. Then, of course, they are all examined by a clerk and signed by the Second Assistant Postmaster-General.

The CHAIRMAN. Would the labor of one clerk be saved by the change?

Mr. RHODERICK. I think it might be.

The CHAIRMAN. Can you give the committee any suggestion touching the economy, justness and correctness of the expenditures of the Post-Office Department?

Mr. RHODERICK. I have no definite statement to make in that respect.

The CHAIRMAN. They are in conformity with appropriation laws?

Mr. RHODERICK. Yes, sir.

The CHAIRMAN. Do you know of any expenditures that are not in conformity with appropriation laws?

Mr. RHODERICK. No, sir.

The CHAIRMAN. Can you give any suggestion regarding the abolishment of useless offices?

Mr. RHODERICK. No, sir; I know of no useless offices.

The CHAIRMAN. The cost of the star-route service has increased somewhat in recent years, has it not; per route, I mean?

Mr. RHODERICK. Yes, sir; quite materially.

The CHAIRMAN. To what do you attribute that?

Mr. RHODERICK. To various causes. First, probably, the general prosperity of the country; resulting in higher rates of wages obtainable in other lines of work, as well as in increasing the cost of procuring and maintaining stock and equipment with which to perform the service. Again, the higher rates paid to rural carriers in the vicinity of star routes than were previously bid for star service has had some effect.

The CHAIRMAN. That has created a desire on the part of the star contractors to get better pay, has it not?

Mr. RHODERICK. I think, in some cases, it has inspired bidders to raise the amounts of their proposals over what might have been considered a fair rate some years ago.

The CHAIRMAN. Do you think that any part of the increased cost is attributable to the awarding of these contracts to persons residing upon the routes?

Mr. RHODERICK. Yes, sir; I do; and I should have included that in my answer to your first question along that line. I think a very material increase has resulted from confining the bidding to persons living within the delivery of one of the offices on the route.

The CHAIRMAN. Has any substantial improvement occurred through that requirement?

Mr. RHODERICK. I think that it has been beneficial to the service, to some extent.

The CHAIRMAN. To the extent of the fair equivalent to the increased cost?

Mr. RHODERICK. I can hardly answer that question definitely. There are so many features which might be considered in connection with the matter, not directly bearing on the carrying of the mail, on which varying opinions might be entertained. One of the features, I know, that was in mind at the time the change was made was that the persons residing on the routes and actually performing the service were entitled to the entire contract pay. It was formerly the practice for certain persons to submit bids for a large number of routes as a matter of speculation, with a view to subsequently subletting them to persons living on the route who would actually perform the service. In most instances the routes were sublet at a profit, but in some cases at a loss to the original contractor.

The CHAIRMAN. Were there any more complaints respecting the character of the service under the old practice of letting many contracts to one bidder than under the present system?

Mr. RHODERICK. I rather think there were more complaints as to the actual performance of the service, and there seemed to be a general opinion that the person to whom the contract was let should be on the ground to direct and oversee the performance of the service, rather than to delegate it to some other person not directly responsible to the Department for his management of the route and the actual performance of the service.

The CHAIRMAN. To what extent do patrons residing on star routes take advantage of the opportunity for box delivery at their residences?

Mr. RHODERICK. I am led to believe, from the reports to the Department directly bearing on the matter and contained applications for service, that it is very generally taken advantage of by persons living on or within a reasonable distance of the route.

The CHAIRMAN. No particular form of box is required?

Mr. RHODERICK. No, sir.

The CHAIRMAN. Is there any reason why there should be any difference as to the box requirements in connection with star service and in connection with rural service?

Mr. RHODERICK. I know of no special reason why there should be any particular requirements in the one case different from those in the other.

The CHAIRMAN. Do you have a record of the number of box deliveries on routes?

Mr. RHODERICK. No official record is kept. We have reports made on special circulars sent out from time to time with a view to ascertaining the business on a route, which gives us the number of boxes supplied on the particular routes. There is, however, no record made of the report in the Department; but I will secure and furnish some information along this line to be included in the record.

Data concerning star-route service, compiled from reports made by postmasters of record kept for six days (September 2 to 7, 1907), in form prescribed in special circular sent to all offices on star routes in the "third contract section," embracing Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri.

Number of trips a week.	Number of routes.	Total number of offices supplied.	Average number of pieces of mail carried per route per day.	Number of boxes and cranes along routes.	Number of pieces of mail delivered along routes.	Average mileage per round trip per route.	Average rate of cost per mile traveled.	Average cost of service per route.	Total cost of service.
						<i>Miles.</i>	<i>Cents.</i>		
More than twelve.	81	101	551	1,090	5,942	9.48		\$509.18	\$41,244.07
Twelve.	198	221	369	1,194	10,869	7.91	7.53	372.20	73,695.97
Six.	1,112	2,032	216	16,787	121,449	22.38	7.04	492.16	547,290.11
Three.	199	292	113	1,511	10,149	22.15	8.92	308.56	61,403.74
Two.	64	78	109	567	2,408	25.60	10.17	270.98	17,343.13
One.	3	3	293	13	92	32.66	16.26	276.33	829.00
Summary...	1,657	2,727	275	21,162	150,909	20.13		447.08	741,806.02

The CHAIRMAN. Can you furnish the committee, without any considerable labor, with a list of the three lowest and three highest numbered star routes in the district represented by each member of this committee. There are seven members.

Mr. RHODERICK. I can, without a great deal of trouble or labor, and would be glad to do so.

The CHAIRMAN. With any data that you may have respecting the number of box deliveries on each one of those routes.

Mr. RHODERICK. Yes, sir.

Statement of boxes served on the three lowest and three highest numbered routes in the respective Congressional districts named below.

NEW YORK—TWENTY-FOURTH CONGRESSIONAL DISTRICT.

No. of route	Termini.		Length of route.	Trips a week.	Number of intermediate offices.	Rate of pay per annum.	Number of boxes supplied.
	From—	To—					
			<i>Miles.</i>				
7209	Glasco.....	Saugerties.....	2.50	12	0	\$200.00	2
7211	Minnewaska.....	Railroad station.....	6.00	a 6 b 18	0	250.00	0
7212	Lomontville.....	Cottekill.....	3.25	c 12 d 6	1	375.00	10
7902	Treadwell.....	Otego.....	12.18	e 6 f 12	2	900.00	8
7913	Lackawack.....	Naponeoh.....	6.00	g 6	0	50.00	17
7906	French Woods.....	Lordville.....	4.00	6	0	265.00	0

PENNSYLVANIA—EIGHTH CONGRESSIONAL DISTRICT.

10109	Ambler.....	Narcissa.....	5.75	12	2	500.00	12
10112	Bergey.....	Rudy.....	2.12	12	1	284.00	1
10113	Colmar.....	Hilltown.....	4.50	12	2	490.00	25
11226	Jamison.....	Furlong.....	2.50	6	0	200.00	13
11267	Montgomeryville.....	Colmar.....	1.75	12	0	305.00	7
11291	Audubon.....	Port Kennedy.....	2.50	6	0	120.00	2

MARYLAND—FIRST CONGRESSIONAL DISTRICT.

13142	Cowentown.....	Barksdale Station (n. o.).....	1.50	6	1	137.50	5
13156	Chesapeake City.....	Elkton.....	6.00	12	0	364.00	0
13157	Blake.....	do.....	11.17	6	4	420.00	10
13333	Georgetown.....	Lambsons Station (n. o.).....	4.75	12	1	633.00	12
13334	Rumbley.....	Fairmount.....	3.00	6	0	95.00	0
13337	Crumpton.....	Millington.....	6.00	6	0	240.00	4

VIRGINIA—SIXTH CONGRESSIONAL DISTRICT.

14881	Redrock.....	Randolph.....	13.25	6	3	344.25	3
14884	Drakes Branch.....	Charlotte Court-House.....	5.00	18	0	447.00	4
14888	Giffgaff.....	Saxe.....	3.00	6	0	132.00	10
14969	River.....	Christiansburg.....	5.87	12	1	349.75	10
15228	Ramble.....	Omega.....	4.00	6	0	142.50	11
15308	McCoy.....	Longs Shop.....	5.00	6	0	240.00	0

FLORIDA—SECOND CONGRESSIONAL DISTRICT.

23208	Jasper.....	King.....	15.50	3	0	266.95	8
23216	Buxter.....	Taylor.....	6.25	6	0	223.22	0
23218	Hilliard.....	Lessie.....	15.00	6	1	625.00	0
23293	Oviedo.....	Christmas.....	16.75	6	1	626.00	7
23297	Orlando.....	Ocoee.....	13.16	6	1	607.38	11
23349	Quay.....	Fort Drum.....	37.75	6	0	1,399.00	1

TEXAS—EIGHTH CONGRESSIONAL DISTRICT.

50112	Hanson.....	Needville.....	6.00	3	0	185.00	0
50355	Peters.....	Millheim.....	4.00	6	0	223.00	13
50356	Broomtown.....	Peters.....	3.50	6	0	180.00	1
51091	Boswell.....	Pine Valley.....	6.00	2	0	75.00	1
51169	Kessler.....	Richards.....	5.00	3	1	135.00	1
51218	Bleiberville.....	New Ulm.....	16.00	6	2	658.82	19

a April 1 to June 15.

b June 16 to September 30.

c July 1 to September 30.

d Residue of year.

e On 7 miles.

f On residue.

g June 16 to September 15.

NOTE.—There are no star routes in the district (First, of Illinois) represented by one member of the committee, the Hon. Martin B. Madden.

Mr. RHODERICK. In reference to the publicity given to the privilege of persons living along star routes to erect boxes and have their mail delivered into and collected from them, I will state that since the box feature of service along star routes has been adopted the Department has included in many of the circulars sent out, not only to contractors and others, but for posting in every post-office on the star route, full information on the subject about as follows:

MAIL CARRIER TO DEPOSIT AND COLLECT MAIL ALONG THE ROUTE.

The contract for the performance of service on this route provides that, in addition to carrying the mails to the various post-offices, the carrier will be required to deliver mail into all boxes and hang small bags or satchels containing mail on cranes or posts that may be erected along the line of the route, and to collect mail from boxes, and to collect the bags or satchels from the cranes or posts, under the following regulations of the Department:

Any person living on or near the route, and not within the corporate limits of any city or village or within 80 rods of any post-office, who desires his mail deposited at a given point on the line of the route by the carrier may provide and erect a suitable box or crane on the roadside, located in such manner as to be reached as conveniently as practicable by the carrier without dismounting from the vehicle or horse, and such person shall file with the postmaster at the post-office to which his mail is addressed (which shall be one or both of the two post-offices on the route on either side of and next to the box or crane) a request in writing for the delivery of his mail to the carrier for deposit at the designated point, at the risk of the addressee. The small bag or satchel above mentioned, as well as the box or crane, must be provided by the person for whose use it is intended without expense to the Department.

It shall be the duty of the postmaster at every such post-office, upon a written order from any person living on or near the route, to deliver to the mail carrier any mail matter—placing in the respective satchels, where such are used, the mail for the persons to whom such satchels belong—with instructions as to the proper mail box or crane at which said mail matter shall be deposited; but registered mail shall not be so delivered unless expressly requested by the addressee in his written order. No mail matter so delivered to the carrier shall be carried past another post-office on the route before being deposited into a mail box or hung on a crane or post.

The carrier on the route will be required to receive from any postmaster on the route any mail matter or private mail satchel that may be intrusted to him outside of the usual mail bag, and shall carry such mail matter or private mail satchel to and deposit it in the proper mail box or hang the satchel on the proper mail crane placed on the line of the route for this purpose; also to collect the mail from the boxes (when a signal is displayed to indicate that a box contains mail to be taken) and to deposit the same in the next post-office at which he arrives; and to take the mail satchel, where one is used, either with or without mail from the mail crane or post and carry it to the post-office; such service by the carrier to be without charge to the persons sending or receiving the mail.

The mail carriers must be not less than 16 years of age, of good character, and of sufficient intelligence to properly handle and deposit the mail along the route.

The Department does not prescribe any particular design of box or satchel to be used for this service, but the person providing either should see that it is of such character as to afford ample protection to his mail. The box or crane should be so located on the roadside that the carrier can deposit the mail without leaving his vehicle or horse, and yet not where it will obstruct public travel.

A patron desiring the collection of mail from his box should inform the carrier of the signal adopted by which the presence of mail in the box for collection will be indicated. The law provides that every carrier of the mail shall receive any mail matter presented to him if properly prepaid by stamps, and deliver the same for mailing at the next post-office at which he arrives, but that no fees shall be allowed him therefor.

Delivery and collection of mail by star-route carriers will not be permitted over such portions of star routes as may have in operation the rural free delivery service, except as an additional or supplemental service when shown to be necessary and practicable.

The CHAIRMAN. Is that box privilege law or regulation?

Mr. RHODERICK. It is a regulation. There has been no law enacted specifically requiring the box service on star routes. The general

law authorizing the Postmaster-General to prescribe regulations governing star routes, I think, covers the matter.

The CHAIRMAN. Is there any other suggestion that you can make that would be helpful to the committee?

Mr. RHODERICK. Nothing more than to call attention to a couple of recommendations made in the Second Assistant Postmaster-General's report for new legislation, the one bearing on the subject of posting general advertisements for star and steamboat mail service in all post-offices in the State covered by such advertisement, as now required by law; it is recommended that the posting of the advertisements be confined to offices upon the star or steamboat routes.

The CHAIRMAN. That would save about how much in printing?

Mr. RHODERICK. I could not state with any degree of accuracy the saving, but it would be quite a large percentage of the cost of printing a general advertisement, and would save some labor in the Department. For example, our next general advertisement will cover the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and West Virginia. In these States there are 16,641 post-offices, only 9,609 of which are located on star routes and directly interested in the advertisements. Therefore, under existing law, 7,032 copies of the respective advertisements will have to be printed and mailed to offices in no wise interested in their contents.

The CHAIRMAN. Would there not be further economy if the larger States, with many routes, were subdivided in the advertisements?

Mr. RHODERICK. I hardly think a further division would result in any material saving.

The CHAIRMAN. Is that all?

Mr. RHODERICK. I think so, Mr. Chairman.

STATEMENT OF MR. JAMES B. COOK, CHIEF OF THE DIVISION OF INSPECTION, POST-OFFICE DEPARTMENT.

(The witness was sworn by the chairman.)

The CHAIRMAN. You are chief of the inspection division in the bureau of the Second Assistant Postmaster-General?

Mr. COOK. Yes, sir.

The CHAIRMAN. And have been for how long?

Mr. COOK. About ten years.

The CHAIRMAN. What position did you have prior to that?

Mr. COOK. Chief clerk of the railway-mail service at Baltimore for about seven years.

The CHAIRMAN. Had you any previous service with the Department?

Mr. COOK. Yes, sir; three years in the office of the division superintendent of railway-mail service in Washington and about seven years' service in a railway post-office car.

The CHAIRMAN. Have you read the statement of the accountants appended to the report of the joint committee on business methods of the Post-Office Department?

Mr. COOK. So far as it relates to the inspection division.

The CHAIRMAN. Are the duties and facts as therein recited correctly stated?

Mr. COOK. Not entirely.

The CHAIRMAN. Will you tell us wherein there is error?

Mr. COOK. We read it somewhat hurriedly, though carefully. Paragraph 8, page 25, reads in part as follows:

It will be evident that the chief of the inspection division has to duplicate all of the knowledge and experience of the other two divisions.

There appears to be considerable difference between the positions and knowledge necessary therefor, and such difference is analogous to that between a legislative and a judicial position, the divisions of contracts and railway adjustments making the contracts or authorizing the service, and the division of inspection enforcing such contracts.

So, Mr. Rhoderick, chief of the contract division, and Mr. Stewart, chief of the railway adjustment division, have knowledge of certain details which I do not pretend to have. I know, in a general way, what the proposition is, but they are necessarily familiar with certain items, a knowledge of which would be of no value to me as chief of the division of inspection.

On page 24, next to the last paragraph, the following appears:

These train values are computed by the clerks levying the fines and are made up from returns furnished by the divisional office of the railway-mail service. There is no check upon the calculations of the inspection clerk who works out the train values.

In the first place these train values are taken from reports of the division superintendents and are based on the actual weighing of the mail. The only computation that we make is a reduction of that percentage to dollars and cents.

At the bottom of page 24 the following is quoted:

The proper method of calculating train values would seem to be that by which the ton-miles of mail carried are originally ascertained at each quadrennial weighing, namely, multiplying the amount of mail carried between each two stopping points by the number of miles between the two points and adding together the results obtained for each train. The proportion which the ton-miles so obtained bears to the ton-miles of all trains of that route will represent the proportion of the compensation for that route applicable to the particular train, or, in other words, the train value.

It is believed that this is the correct method, but to arrive at the ton-miles of each train would involve an increase in clerical force far beyond any benefit that could possibly be derived by the postal service.

Train values are ascertained by actual weighing but once in four years, and when subsequent changes in train service result in changing the amount of mail carried by trains, such relative amounts are necessarily estimated by division superintendents of railway mail service, and are only approximately correct; yet the method is much more fair and equitable than the former practice which gave to each train on any one route an equal value, regardless of the amount of mail it carried.

The method now used by some division superintendents of railway mail service is to take the number of pounds taken on by a train over its entire run, multiply that by the number of miles in the train's run, add the amounts so obtained for all trains, and find the percentage of one train by dividing its results by the total of results for all trains on the route. While there are some inaccuracies in this method, the percentages obtained approximate those obtained by the method mentioned by the joint commission, and are reached with a very small fraction of the work necessary under the latter plan.

In paragraph 6, page 25, they say:

It is questionable whether this method of levying fines is in any way correct or equitable, the principal adopted being that in case of failure to perform the whole or part of the service an equivalent proportion of the total compensation to the railroad should be deducted, ignoring the fact that the mail is carried in either case, and that the only reason for fines is that it is not carried on the particular train contracted for, but on another one at a slower rate.

The statement of the practice is not quite correct. When failures of service are due to providential or other acceptable causes, deductions are made at the rate of 50 per cent of the value of the omitted service, provided such failures do not constitute total failure of service on any portion of the route covering a period of more than six days, upon the theory that the mails are ultimately carried over the route. When failures of service are not satisfactorily explained, being due to some fault on the part of the company, deductions are made at the rate of 100 per cent of the value of the omitted service.

The following is a statement in next to the last paragraph on page 107:

It is also suggested that the checking of the railroad affidavits be completed in the divisional offices of the railway mail service.

With 14 men assigned to the inspection of railroad service in this division and the very large number of excuses offered by railroad companies for detentions to mail trains, it has been difficult to attain even a fair degree of uniformity in the action upon the various excuses. If such work should be assigned to the 11 divisions of the railway mail service, not only would the difficulty of securing uniformity be greatly increased, but the attainment of such a result would be practically impossible.

If you can not have it in one office with all the data at hand, it would be very hard to secure it in 11 different and widely separated offices; furthermore, the action to be taken is in a large measure discretionary with the Postmaster-General and disciplinary in character, the division of inspection being charged with the enforcement of contracts for mail transportation.

The CHAIRMAN. These train values are ascertained for the sole purpose of determining fines and forfeitures?

Mr. COOK. Yes; I should say that train values are secured for the purpose of determining, before the performance of the service is certified to the auditor for payment, what fines and forfeitures are proper in event failures or delinquencies have occurred therein.

The CHAIRMAN. The company would get the full contract price as compensation if it were not for the fines?

Mr. COOK. Fines and deductions; yes, sir.

The CHAIRMAN. Now, when the contract is made, is either speed or number of trains taken into consideration?

Mr. COOK. The regulation says that the payment for mail transportation shall be based partly upon frequency. Not only must the mails be carried, but "with due frequency and speed." That is the basic regulation. (Sec. 1186, Postal Laws and Regulations, 1902.) We have had conferences from time to time, and there have been a good many diverse opinions as to what due speed is. We had a conference here last month. There were twelve typical railroads

represented. The Second Assistant had some of his postal experts here from all over the country, such of his staff officers as have railroad questions to deal with being present also. The question was asked (I think I asked it myself) as to just what "due speed" was, what we should take as our standard if not the regularly published schedule. What does "due speed" mean? The appropriation act of last year and the year previous makes it mandatory upon the Postmaster-General to require them to maintain their schedules.

The CHAIRMAN. There is nothing in the law to require them to adopt any particular schedule?

Mr. COOK. No, sir; they make their own schedules, but having once made a schedule they must maintain it or suffer deduction in the absence of such excuse for delay as the Department thinks it could properly accept.

The CHAIRMAN. But two railway routes, each carrying the same weight of mail over the same number of miles, get the same compensation on the weight basis, no matter how many more or how much faster trains the one runs than the other?

Mr. COOK. Yes; except that the route that has the frequent service will undoubtedly have mails diverted to it, attracted to it, by virtue of that good service that never would go on the line were there only one or two trains. For example, if they had six trains a day, there would be a pouch sent out on all six of those trains, perhaps; but if there was only one train a day, there would be only one pouch, and the Department would save the weight there of five pouches. Where two lines rendering service of unequal frequency attract the same amount of mail, I should say that the amount of mail on the line of greater frequency would be materially lessened if the train service were reduced to the same frequency as that on the other line. For example, if one route has six trains a day and the other only one train a day, if you reduce the frequency of the service on the one that has six a day, you are likely to reduce the weight of mail going over that road.

The CHAIRMAN. That is not the point I am inquiring about, which is, as to the equity of pay, as much for slow, infrequent service, as for frequent and rapid service.

Mr. COOK. Since the special facility law has failed of reenactment the same rate is paid where the same amount is carried, regardless of the number of trains, except there must be a frequency of not less than once a day each way at least six days in the week.

On page 108 is the following:

Assessment of fines and deductions, having regard to the principles upon which the railway mail pay is based and the great labor involved in correct computation of train values for the purpose of levying fines and deductions, some simpler method than the present one should be devised, such as would be obtained by the classification of trains running under the four heads of R. P. O. cars, compartment cars, storage cars, and express or closed-pouch service, and the establishment of a regular scale of fines according to the nature and extent of the delinquency or failure, the amount of fine varying with the class of train.

While this is a new proposition, I am inclined to think that it would be much less fair than the present method, as the amount of mail handled, even in cars of the same class, varies greatly on the different routes.

Section 9, paragraph a, page 107, of the preliminary report of the joint commission on business method of Post-Office Department and postal service, reads as follows:

(a) *Transfer of duties of this division to service divisions.*—In view of the fact that the duties of this division commence where the work of the adjustment and contract divisions terminates, it seems unnecessary to keep a duplicate set of books, with the attendant labor involved in recording the daily alterations and changes affecting the various routes, and this division should be merged in the adjustment and contract divisions and the performance of the inspection work carried out by the clerks of those divisions.

The carrying out of the suggestion that the inspection of the service be combined with the authorization would apparently remove the check or precautionary measure against collusion or mistakes that seems to be regarded as essential in other matters, such, for example, as the verification by the auditor of calculations of inspection clerks who work out the train values.

As an illustration of that, I will say that they think our calculations ought to be verified by the auditor. If one clerk authorized the service and paid for it too, there would be no check against him.

For the purpose of illustrating to what extent the reports are duplicated, as I presume that is one of the chief things you would want to know, I have a copy of the entries on sample routes in the railroad, messenger, wagon, and star service that have been in operation for several years, showing the records as kept in the railway adjustment and contract divisions and the records kept in the inspection division, so that you can see for yourself to what extent they are duplicated. [Exhibits records.] It is quite possible, in the original statement of the route, where we have to put down each station, that our forms could be modified, so that when the railway adjustment write up a railroad route they could also write up a sheet for the inspection division; but outside of that there is very little duplication, as far as I can see.

(Thereupon, at 4.30 o'clock p. m., the committee adjourned until Wednesday, April 15, 1908, at 10 o'clock a. m.)

THE COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,

Wednesday, April 15, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. JAMES B. COOK, CHIEF DIVISION OF INSPECTION—Continued.

The CHAIRMAN. Are the methods of computing train values uniform in all the divisions at present?

Mr. COOK. Not entirely so. We have made an effort to have them made so and are still continuing efforts along that line. The change in the law by which the Postmaster-General is required to see that trains carrying mail maintain their schedules has thrown a large volume of work into the inspection division during the last few years that it has not had to deal with heretofore. So we have been under more pressure than men ought to be under to do justice to themselves

and to the service. At this time we have on file nearly a thousand applications for remissions of deductions made on account of delays in mail trains, chiefly because the railroad companies had failed to make out their affidavits in proper form when first submitting them and the explanations of delays were not satisfactory to the Department. They have the right at any time within six months to make the application and to present any additional evidence within a reasonable time, upon the receipt of which the case is reviewed, and if deductions have been made which should not have been made, or if they furnish a satisfactory explanation not heretofore offered, remission is made of a part or the whole of the deduction, as the case may be.

The CHAIRMAN. Are any of the assistant superintendents used by your division?

Mr. COOK. Yes. We use them in difficult cases in which we are unable to secure necessary evidence for the certifying of the performance of service, and in some cases where there may have been an error in payment, through some mistake of a clerk or evidence which is subsequently found to be incorrect, they have given assistance to the auditor's office in recovering money improperly paid. Cases are quite infrequent, but they have done some very good work along that line. Where we find that it is impossible to enforce the terms of a contract on a route after the imposition of repeated fines, where the service is bad, we ask that an assistant superintendent make an inspection of that service with a view to determining whether the schedule is a practicable one, and, if not, what changes should be made.

The CHAIRMAN. Do you know of any reason why the assistant superintendents should or should not be consolidated with the general force of inspectors?

Mr. COOK. The assistant superintendents are looked upon by most of us as specialists in their work. They have been trained many years in the railway-mail service and many of them in the cars and as chief clerks, and they have considerable information that is germane to the proper supervision of the transportation business. I am quite ready to concede that there are many inspectors equally well qualified, so far as their experience has given them an opportunity to be. On the other hand, I believe, there are a number of men whose experience in the service along the line of transportation particularly is scarcely sufficient to enable them to do as good work as could be done by men whose time is devoted exclusively to work of that character. In other words, the average inspector, having a case on transportation matters, would lack experience that the specialist would have.

The CHAIRMAN. That same comment would apply to every class of work that the inspectors have to do?

Mr. COOK. Yes, sir; I think so. I do not think our men do very much work that is similar to that now done by the inspectors.

The CHAIRMAN. Is there much travel involved by these assistant superintendents when they do work for your division?

Mr. COOK. No; the work we give them is in or contiguous to the place where they are stationed. They are located throughout the country except in cases where star service is being let or a weighing is taking place, when a majority of them are thrown into that terri-

tory. While there we use them for such work as needs attention, and when they are relieved and go back to their regular assignments we use them there.

The CHAIRMAN. There were a number of inspectors detailed for work in the bureau of the Second Assistant Postmaster-General during the last fiscal year?

Mr. COOK. Yes, sir.

The CHAIRMAN. What particular work did they do?

Mr. COOK. Well, I presume they were expected to review the manner in which the work was done, to offer criticisms on the methods employed, and to suggest such improvements as might be good from their standpoint. I think three of the inspectors spent four or five months in the division of inspection and made quite an exhaustive examination of our papers. The work of the assistant superintendents, you understand, is chiefly under the general superintendent of the railway-mail service, and they do considerable work for the contract division letting new service. I do not undertake to elaborate on that point, because I presume you will ask the gentleman who has immediate charge of it. I merely mention it incidentally. The division of inspection does not use them regularly, only from time to time as their services are needed.

The CHAIRMAN. What is your opinion of the economy, justness, and correctness of the expenditures in the Department that come under your observation?

Mr. COOK. So far as the division of inspection is concerned, I think we are doing everything we can to economize and reduce the expenditures, but I think that a little more money could be spent with benefit to the service. I think there ought to be a review board there, a few clerks to look over some of the cases we are making. We made last year somewhere in the neighborhood of 40,000 cases, and some of them are quite large. There is a great deal of responsibility in examining those papers and checking them up. We had a number of cases where several thousand dollars were involved, and at least one that reached as high as \$40,000, and it seems to me that the work is of sufficient importance to require some review. Of course the auditor checks our work as to the accuracy of the calculations, but where a man goes through an affidavit of hundreds of pages, I scarcely think that such attention as he may be able to give it personally is sufficient. That is to say, in order to get the entire service in harmony there should be some casual review of the entire work. I have 14 men on the railroad service. We have about 3,200 to 3,300 railroad routes in the country, and if we had four or five or six men who could take those cases—it would only be a few days each month—and give them a casual examination before they are finally passed, I think it would be a good thing for the service, not but what my clerks do their work with just as much accuracy as any other clerks—I think they do and that they are an exceptionally conscientious set of men—but there is a very large amount of evidence to be examined, and it looks to me that there should be some verification.

As a matter of general interest, you may care to know that the net amount of fines and deductions made by the division of inspection in all classes of service during the fiscal year ended June 30, 1907, was approximately \$800,000, and the salaries paid employees in the divi-

sion aggregate about \$69,000 annually. The amount paid out upon certificates emanating from the division of inspection during the fiscal year ended June 30, 1907, was approximately \$61,000,000.

The CHAIRMAN. Concerning your plan to have a review board—you think a casual examination is a good one in any case?

Mr. COOK. No; not a casual examination by itself. Of course I believe the work done by the men is, as a rule, correct. That is the only reason why I say a casual examination. I mean such an examination as the chief of a division would make after it is brought to him. He can not go into the details, he goes over the case in a general way.

The equalization of salaries in the division would probably cost the Department something, and yet I believe, when you speak of the justness of expenditures, that we have some men on very important work who are getting very moderate compensation.

The CHAIRMAN. For instance?

Mr. COOK. We have clerks on the railroad work getting all the way from \$1,800 to \$1,200 and even a thousand dollars, and they will remain for a considerable time at the \$1,200 rate, while the work is just as important and sometimes just as good as that of the \$1,800 clerk.

The CHAIRMAN. Would not that be true no matter what system you adopted?

Mr. COOK. It has always seemed to me that where clerks were on the same work and attained the same degree of efficiency, with a length of service relatively the same, or at least where they have been in the service a sufficient number of years to get a good standing their compensation should be approximately the same.

The CHAIRMAN. Do you rate your clerks for efficiency?

Mr. COOK. I keep an efficiency record in the division for my own information, and if I should recommend any clerk for promotion I do not think a clerk could come in and say that there was any personal prejudice. I do not know that the record would be of service to anyone except myself, but I can take it and show my superiors what my recommendation is based upon.

I think the Second Assistant Postmaster-General's office is handled on a business basis, so far as promotions and demotions are concerned, and we endeavor to give everybody credit for what they do; but, of course, if there are not enough high-class places to go around somebody has to take a lower one.

The CHAIRMAN. Would not a correct system be to make demotions as well as promotions from year to year?

Mr. COOK. It might in some cases.

The CHAIRMAN. Do you know of any expenditures in any other division, the economy, justness, and correctness of which are questionable?

Mr. COOK. No, sir; I do not.

The CHAIRMAN. Do you know of any expenditures not in conformity with the appropriation laws?

Mr. COOK. No, sir.

The CHAIRMAN. Can you suggest any retrenchment?

Mr. COOK. No, sir; I think not. We have given the question of consolidating the work, so far as our own division is concerned, very

careful attention for a number of years and have considered carefully every suggestion we got from anybody else in addition to those that occurred to us in the division, and as a result I think we have things pretty near where they should be, although we are still making efforts to further systematize them.

The CHAIRMAN. We wish you every success.

COMMITTEE ON EXPENDITURES

IN THE POST-OFFICE DEPARTMENT,

April 30, 1908.

The committee this day met, Hon. Irving P. Wanger in the chair.

STATEMENT OF MR. W. C. FITCH, SUPERINTENDENT OF DIVISION OF STAMPS.

Mr. W. C. FITCH, being duly sworn, testified as follows:

The CHAIRMAN. You are superintendent of the division of stamps in the bureau of the Third Assistant Postmaster-General?

Mr. FITCH. Yes, sir.

The CHAIRMAN. And you have been there, how long?

Mr. FITCH. Since October 16, 1907.

The CHAIRMAN. What position did you have prior to that time?

Mr. FITCH. I was formerly a clerk in the Third Assistant Postmaster-General's office.

The CHAIRMAN. You have been with the Post-Office Department for how many years?

Mr. FITCH. Since January, 1896.

The CHAIRMAN. Have you read the report of the accountants made to the Commission of Business Methods of the Post-Office Department?

Mr. FITCH. Yes, sir.

The CHAIRMAN. Turn to page 35 of the report and state what suggestion you have to make in reference to the statements in the first three paragraphs of that report.

Mr. FITCH. The accountants outline the methods of filling requisitions for stamp supplies and suggest that there is much unnecessary duplication. They do not, however, point out wherein the duplication obtains. I can say, however, that we are constantly considering improvements in methods with a view of consolidation and simplification, and adopting such as promise results. We believe we are making progress along that line all the time. Such of the accountants' criticisms as the conditions justified, particularly those in regard to our accounting methods, were anticipated before the Commission's report was issued by the introduction of improved methods and new safeguards.

The CHAIRMAN. It is stated that the procedure has a defect in not providing proper checks in shipping to postmasters, and at the Bureau of Engraving and Printing. Do you regard that criticism as well founded?

Mr. FITCH. We have recently installed a new double-entry system of accounting, which completely meets this criticism. The new system provides controlling accounts which enable us to prevent anything in the way of losses by collusion between a postmaster and a stamp division clerk, such as the Commission suggests here. It cov-

ers the manufacture value and the selling value of all postage-stamped paper ordered from contractors, carried in stock by the Department and issued to postmasters. All the elements harmonize and afford the protection to the Department which was formerly lacking. Our new system is very complete. It was installed by an expert accountant whom Mr. Lawshe, the Third Assistant Postmaster-General, had appointed in the Bureau. It is practical, exceedingly effective, and we are very proud of it.

The CHAIRMAN. How long has it been in use?

Mr. FITCH. It has been in use, beginning October 1, 1907.

The CHAIRMAN. As to the next criticism that they have made, what have you to say about that?

Mr. FITCH. That is in reference to the error of \$600,000?

The CHAIRMAN. No; respecting the manufacture of stamps.

Mr. FITCH. Our new system of accounts provides an accurate account of all stamped paper issued, not only by the Bureau of Engraving and Printing, but by the postal card and stamped envelope contractors and by our several distributing subagencies; also of stocks on hand at the subagencies. It is intended, as soon as it can be done, to extend the new system of accounts to the unissued stocks on hand at the several manufactories, but at present the Department does not assume possession of stamped paper until it is ordered from and delivered by the contractors. The postal card and stamped envelope contractors are accountable under their bonds for the safe-keeping of unissued stock; and as to the adhesive postage stamps, these are manufactured in a Government plant under a very effective system of safeguards, as the accountants testify.

The CHAIRMAN. It is suggested that the embossing machines should register each impression made. Has there been anything done in that respect?

Mr. FITCH. The presses used to emboss the stamps on stamped envelopes are equipped with a registering device, but it is not so constructed that it can be locked. That is to say, the register can be changed at will by the operator, and that being so, it does not serve as a protection against the over-printing of envelopes. We are, however, taking this matter up with a view of seeing if it is practicable either to change the present registering devices or have the contractor adopt new ones which will be an absolute check upon the output of the machines. It is rather a difficult problem, because of the manufacturing and administrative details which must be worked out, and so far it has not been found possible to keep such a check, but we hope to accomplish it. The present registers serve the contractor's purpose in keeping track of the work of his operatives, but they are not adapted to a perfect check of the output for the purposes of the Post-Office Department.

The CHAIRMAN. It would be very desirable if a machine could be obtained which would automatically register the number of envelopes bought?

Mr. FITCH. It would be a check on the manufacturer.

The CHAIRMAN. What protection is there against the issue of stamped envelopes by the manufacturers in excess of those turned over to the Government?

Mr. FITCH. In the first place there is very little likelihood that there would be an irregular issue because of the bulk of stamped

envelopes and postal cards. If a man attempted to get away with \$100 worth of those articles, he would have to carry out a box weighing nearly 100 pounds. The Department is represented at the stamped envelope and postal card manufactories by agents who supervise the manufacture and issue of the cards and envelopes. These representatives have a force of seventeen, I believe, at the stamped-envelope agency, and three people at the postal card agency, and they have a system of checks to see that the number and value of envelopes and cards ordered by the Department are issued by the contractors. They check the shipments with the Department's orders.

The CHAIRMAN. And inspect every shipment from the factories?

Mr. FITCH. It depends what you mean by "inspection." It is physically impossible for the Department's representatives to inspect all of the stock itself, because there is so much of it; but the envelopes are packed in boxes of certain sizes, marked to indicate contents, and as they come down from the packing room to the shipping room the employees of the Department examine them to see that, as marked, they correspond with the Department's order. There is also an inspection through the factories; the agent goes over the factory several times a day and examines the output to see that it corresponds with the specifications of the contract under which these articles are manufactured.

The CHAIRMAN. Are the postal cards still manufactured at Rumford Falls, Me.?

Mr. FITCH. Yes, sir.

The CHAIRMAN. And have been since what time?

Mr. FITCH. Since the beginning of the year 1902.

The CHAIRMAN. What is the fact about the nonprotection of the vaults at Rumford Falls?

Mr. FITCH. The vaults are now locked with Yale padlocks, the linch-pin fastenings mentioned by the accountants being discarded. This was done sometime before the accountants' report was issued. The Department's agent was advised of the criticisms contained in that report, with instructions to remedy them. Instructions have also been given him to require the contractors to provide double steel doors to the exit to the loading platform, with bars across them, locked with padlocks.

The CHAIRMAN. Do you know whether the combination of the lock of the vault has been changed?

Mr. FITCH. Yes, sir; that has been changed.

The CHAIRMAN. Have you been in Rumford Falls?

Mr. FITCH. No, sir.

The CHAIRMAN. Or at Dayton, Ohio?

Mr. FITCH. Yes, sir; I was there two months last summer.

The CHAIRMAN. How did you find the factory at Dayton as to the provision that has been made for the safeguarding of the output of stamped envelopes?

Mr. FITCH. At the time I was there the factory had just been started. The contract had formerly been conducted at Hartford, Conn., and the methods and organization were the development of thirty years' experience. In the last bidding for a four years' contract the Dayton concern was the successful bidder. As to safeguards, the Third Assistant Postmaster-General prepared, at the begin-

ning of the contract term, a very comprehensive set of instructions for the conduct of the contract, which are published on pages 136 to 138 of the accountants' report. The stamped-envelope agent makes frequent inspection of the factory to see that the envelopes and newspaper wrappers conform to contract. He supervises the disposition of spoiled and rejected envelopes and wrappers; has the custody of the dies used in embossing the postage stamps, keeping them locked in his safe when not in use and issuing them to the contractor as needed. No one, of course, is permitted to take envelopes from the factory in any irregular way; placards are prominently displayed on the walls of the factory, stating the legal consequences of doing so and offering \$25 reward for information leading to detection. The contractor maintains an efficient system of policing the factory at night, and watchmen are kept at all entrances during the day. No unauthorized person is allowed in the factory. All employees are required to leave the factory under the watchman's eye and to submit bundles and packages to him for inspection. When the factory is operated at night one of the agency employees is present to represent the Department.

As I have already stated, the envelopes and wrappers are carefully checked out by the stamped-envelope agency with the Department's orders as the stock is delivered by the contractor; and steps are now under way to extend our new double-entry system of accounts to that agency, which will give us an additional and very effective safeguard.

The CHAIRMAN. You have no photograph nor blueprint of the factories at either Dayton or Rumford Falls, have you?

Mr. FITCH. No, sir; I have not in my office any such photograph, but it is possible there is something of the kind in the office of the Third Assistant Postmaster-General.

The CHAIRMAN. What is the character of the vault or other receptacle of the manufacturer of envelopes at Dayton?

Mr. FITCH. At the time I was there, they did not have a fireproof vault, but they have purchased adjoining property and are constructing such a vault, which is now practically finished, as I understand.

(Thereupon, at 11.30 a. m., the committee adjourned.)

STATEMENT OF MR. P. V. DEGRAW, FOURTH ASSISTANT POSTMASTER-GENERAL.

The CHAIRMAN. When did you become Fourth Assistant Postmaster-General?

Mr. DEGRAW. On St. Patrick's day, the 17th of March, 1905.

The CHAIRMAN. You have read the report of the accountants made to the commission of business methods of the Post-Office Department?

Mr. DEGRAW. I have.

The CHAIRMAN. What criticisms have you to make on the statement of conditions in the Department and of their suggestions?

Mr. DEGRAW. In answering your question, Mr. Chairman, I will, with your permission, take up the divisions separately.

DIVISION OF RURAL DELIVERY.

Procedure followed in establishment of routes.—The Commission's statement is somewhat inaccurate; the following is the actual practice: Petitions are made on forms furnished for the purpose, accom-

panied by statements concerning condition of roads and rough map of proposed route. Signatures are required of 100 families on standard routes of 24 miles, and of proportionately fewer signatures on shorter routes. Special information ordinarily is not requested from postmasters. As a rule, the only information called for from a postmaster is a certificate that three-fourths of the families on a proposed route will provide approved boxes and patronize the service.

The statement in report that temporary carriers are employed and not required to give bond is also inaccurate. The only case where a temporary carrier is employed is where a post-office or star route has been ordered discontinued on the date named for the establishment of rural service and the Civil Service Commission is unable to certify an eligible, and if the services of the temporary carrier are to be continued for any considerable time he is required to give bond.

The completion of county service is not considered upon the initiative of a representative of the county, as stated by the Commission, but is taken up by the Department when conditions seem to warrant such action.

The supervision of bonds of carriers does not form a large portion of the work, as stated by the report. The actual time consumed is equivalent to the service of only two and one-half clerks. The examination of bonds now occupies the time of two clerks, but in a very short time only one employee will be required on the work.

Monthly efficiency reports are now required from postmasters only when actual delinquencies have occurred. These reports are all examined and properly disposed of.

Reports of number of pieces of mail handled.—The data submitted by postmasters is taken from reports made to them each day by carriers, and postmasters are required to certify that the reports are correct.

Proposed reorganization.—The Commission would assign the general supervision of rural-delivery service to assistant director of post-offices; the appointment, etc., of carriers to the assistant director of appointments; bookkeeping to the Comptroller, and disbursements to the assistant director of finance. Field administration would come under district directors. It is believed that such division would result in much duplication of work and multiplication of records in the district offices and the various divisions of the Department. The officer charged with the duty of establishing and operating rural-delivery service should know at all times the state of the appropriation. Rural delivery is the newest branch of the service, requiring frequent adjustment, new rules, etc., and it is believed that this can best be accomplished through direct supervision. The establishment and maintenance of service, appointment of carriers, and keeping account of expenditures are intimately related, and their separation would not appear to be in the interest of economy or expediency.

Additional working space.—The division at present is quartered in eleven rooms on three floors of the building. It should be concentrated on one floor and a sufficient number of rooms furnished to relieve the congested and insanitary conditions.

DIVISION OF SUPPLIES.

The first specific reference to the division of supplies appears at the bottom of page 37 of the committee's report.

In paragraph 1 (pages 37 and 38), it is stated that this division does not handle miscellaneous supplies for the railway mail service. The division does receive and distribute all stationery, blanks, typewriters, letter presses, adding machines, wrapping paper, twine, etc., used in the railway mail service.

Paragraph 2 states that the staff of the division consists of a superintendent, an assistant superintendent, and 81 clerks. The present staff of the division consists of a superintendent, an assistant superintendent, 47 clerks, and 34 messengers, assistant messengers, laborers, and carpenter. Further reference will be made to this subject.

Paragraph 3: There are no branches of the division of supplies throughout the country, but this matter has been under consideration for sometime, and it is expected that steps in this line will be taken in the near future.

Paragraphs 4 and 5: The idea of furnishing postmasters with supplies in sufficient quantities to meet their requirements for one year was not conceived with a view of eliminating any congestion at Washington. The intention was to have postmasters make but one requisition yearly, in order to reduce the work in connection with the handling of supplies, the filing of papers, and the number of shipments to the minimum. Prior to January, 1907, there was no record in the Department of all lines of supplies furnished to postmasters, and in asking postmasters at that time for an inventory of the supplies they had on hand, and the amount needed to conduct the business at their respective offices for one year, it was the desire of the Department to secure all information possible concerning the actual needs of the service, and only for that purpose, as it was apparent at that time that the condition of the various appropriations would not permit the filling of all requisitions on a yearly basis. At the present time, and for the past three months, requisitions from postmasters of the first and second classes have been filled on a three months' basis, and from postmasters at offices of the third and fourth classes on a yearly basis. This practice will be continued.

Paragraph 6: While it is a fact that prior to January 1, 1907, there was no record in the Department of all supplies shipped to postmasters, there is at this time a file for every post-office in the country, showing the supplies of every description furnished during the last calendar year. The accountants were laboring under a wrong impression when they stated that it appears to be a matter of little importance to any of the officials what happens to supplies after they have been purchased. It is a matter of vital interest to the division of supplies, and the needs of each postmaster, as presented by himself, are carefully scrutinized by this office. Furthermore, post-office inspectors in making inspections of post-offices are required to report on the condition of supplies.

Paragraph 7 cites a case where 10,000 envelopes, after being ordered by the purchasing agent and received in the division of supplies, remained for a considerable period of time before being forwarded to the post-office for which they were intended, owing to the fact that no record had been made of their receipt in the division of supplies. It is

a fact that between May, 1907, and October, 1907, there were a number of cases where a record was not made of the receipt of goods. This was due in part to an inefficient receiving clerk, but principally on account of the confusion into which the division was thrown in connection with moving into the present quarters.

Paragraph 8 is a somewhat similar case, inasmuch as the files had not been straightened, and records and requisitions were in a chaotic condition.

Paragraph 9: Conditions to-day are not what they were when the expert accountants went through the division of supplies. The work in this division is and has been up to date for the past four months, and is performed in a systematic manner in all of its branches and details, and while from time to time additional duties have been imposed upon the division during the past year the personnel of the division has been reduced by 20 clerks, whose salaries range from \$900 to \$1,800 per annum.

Paragraph 10: When the reorganization was begun in 1906 there were approximately 30 books of account, as well as 44 press copy books in use in the division. To-day there are 5 books of account and no press copy books. Since the accountants went through the division an inventory has been taken of all supplies and an inventory will be taken at short intervals in the future.

Paragraph 11: The practice of issuing supplies to other divisions on verbal request has been discontinued. A written request must be filed in every instance.

Paragraph 12: The statement made in relation to paragraph 9 can be applied to paragraph 12.

Paragraph 13: While in the past different employees in the division of supplies have been engaged on inspection committees, inspecting various lines of supplies, this practice will not be followed in the future.

The proposed division of supplies, as suggested and outlined on page 70 of the committee's report, would naturally mean a partial reorganization of the department, but I know of no reason why the recommendation of the accountants could not be carried out.

To emphasize the present condition of the division of supplies, I have to inform you that every recommendation of the expert accountants, as set forth on pages 116 and 117 of the report, was put into effect before this report was published, with the exception of the establishment of branch supply depots throughout the country, and the furnishing of supplies for Departmental use in Washington.

The following is a brief outline of the organization of the division of supplies at the present time:

Superintendent's office.

The superintendent's office has supervision over the work of the entire division. It attends to various lines of correspondence and reviews all requisitions for typewriters, adding machines, trucks, scales, etc.

Reviewing section.

The reviewing section is charged with reviewing requisitions for supplies other than those enumerated above, and excepting also the requisitions for money-order advice forms and official envelopes.

Bookkeeping section.

The bookkeeping section is charged with properly keeping all accounting records of the division.

Official envelope, money order, and stenographer section.

The official envelope, money order, and stenographer section is charged with reviewing all requisitions for official and registry envelopes, money order and advice forms, and preparing for signature letters written outside of the office of the superintendent.

File and mail section.

The file and mail section is charged with filing all requisitions, papers, etc., forming a part of the records of the division; also receiving and distributing all incoming mail, as well as preparing for dispatch all outgoing mail.

Filling section.

The filling section is charged with laying out, wrapping, and packing all supplies forwarded by this office on requisitions from postmasters.

Stock sections.

The stock sections are charged with the custody of all supplies after they have been inspected.

Receiving and shipping section.

The receiving and shipping section is charged with the receipt of all supplies received by this division; and the handling and loading of all supplies leaving the filling section.

In November, 1906, the division consisted of the superintendent's office, the stationery section, the money order blank section, the stamp section, the mailing section, the free delivery section, the envelope section, and the money order book section. At that time thirty odd forms of requisition blanks were in the hands of postmasters, these blanks being used for ordering various kinds of supplies. Under the old methods it was possible, say, for the postmaster at New York to make in a single day one requisition for twine and facing slips, another for stationery, another for money order blanks, another for free delivery supplies, and another for stamps. These requisitions would be received, and opened in the various sections to which they belonged, then reviewed, and each requisition filled and shipped independently of the other.

At the present time all supplies furnished to postmasters are listed in catalogue form in the Postal Guide, and the postmaster makes requisition on one form for all miscellaneous supplies needed for his office. When this requisition is received, it is reviewed, and all supplies wrapped, packed, and shipped at one time.

When the reorganization was begun, the personnel of the division was composed of the superintendent, assistant superintendent, 67 clerks, and 31 messengers, assistant messengers, laborers, and pages. To-day the personnel of the division is composed of the superintend-

ent, assistant superintendent, 47 clerks, and 34 messengers, assistant messengers, laborers, and carpenter—a reduction of 20 (salaries ranging from \$900 to \$1,800 per annum) in the clerical force, and an increase of 3 in the laborers' force.

DIVISION OF DEAD LETTERS.

The proposed amendment to statutes reducing from four years to one year the period during which valuable inclosures shall be subject to reclamation has been repeatedly suggested to Congress.

Destruction of undeliverable newspapers, circulars, and samples of no commercial value, addressed to foreign countries, would relieve the work of the division. (This may be accomplished by order of the Postmaster-General after consideration by the Second Assistant Postmaster-General, division of foreign mails.)

Granting of permission to postmasters to destroy certain articles of perishable nature and unsealed packages of no value would be of advantage. (Apparently this would require legislation.)

The immediate sale of perishable articles of commercial value. (Requires order of Postmaster-General only.)

Establishment of branches of the division outside of Washington. (This would require legislation.) The present method appears to be a good one, and any change therefrom should have mature consideration before adoption.

Insufficient working space.—Quarters assigned to the division since the accountants visited the Department have been enlarged. The situation in this respect is now greatly improved.

DIVISION OF TOPOGRAPHY.

The report says: "No cost books are kept in the division by which to determine the rate at which maps should be sold to the public." This is incorrect. The law provides for the sale of maps to the public "at the cost of printing and 10 per cent thereof added." The cost of printing is ascertained from the lithographic printer's contract, which gives the price of each sheet printed, and to this cost 10 per cent is added, as provided by law.

Card record.—When requisitions for maps are received card records are always consulted for information concerning maps previously furnished.

GENERAL OBSERVATIONS.

Substitution of form cards for routine letters.—In investigations made of divisions of this Bureau within the last two years many forms have been changed from letters to postal cards, and this work is kept strictly up to date.

This explanation, Mr. Chairman, I think, answers your question so far as the divisions of the Fourth Assistant's bureau are concerned.

The CHAIRMAN. You feel that the reorganization of the division of supplies and the consolidation of the several supply divisions has worked economy in the personnel?

Mr. DEGRAW. There is no question about it.

The CHAIRMAN. And also in the charges for forwarding?

Mr. DEGRAW. It certainly has done so. In that connection, I think it is due to the accountants to say that our work in the reor-

ganization of the division of supplies was proceeding at the same time that theirs was. What I have said here is not in any spirit of criticism of what the accountants had to say, but refers especially to the organization as it exists to-day. I am not an expert accountant, but I was proceeding on the same line on which they were proceeding, and we had our reorganization practically completed when I received their report.

The CHAIRMAN. You said that supply depots might be established if there was proper legislation.

Mr. DEGRAU. It is feasible.

The CHAIRMAN. Is it advisable?

Mr. DEGRAU. That would depend considerably upon the reorganization. If the Department was reorganized on the basis proposed by the accountants and on their theory, I think it would be advisable; but, in my judgment, it would be very much more expensive so far as my Bureau is concerned.

As a matter of fact, we have to-day what you might call a subdivision in the larger post-offices. Take, for instance, post-offices at Chicago, St. Louis, San Francisco, Cincinnati, New York, and the larger offices. We concentrate shipments of twine at these offices, but the service is not in condition to-day to inaugurate systems of depot supplies without legislation.

The CHAIRMAN. Have you provided any method for inspecting and verifying the accounts of the division of supplies or the distribution of supplies?

Mr. DEGRAU. We have a very thorough system of inspecting and verifying accounts. We also have under consideration a plan under which, at different periods, the accounting or auditing of stock may be made by employees of the division of inspection or others not attached to the division of supplies.

The CHAIRMAN. Do you require approved letter boxes to be put up by persons on rural-delivery routes?

Mr. DEGRAU. Yes, sir.

The CHAIRMAN. Is there any more reason for requiring them on rural routes than there is on star routes where people reside along the route and receive mail from the carriers or contractors?

Mr. DEGRAU. In my judgment, a star route should have the same method of delivery. Patrons of star routes should be required to have boxes similar to those used on rural routes. As it is now, the star route carrier has no responsibility toward the patron. The patron orders the postmaster to give the star route carrier his mail and arranges with the star route carrier to drop it in a certain receptacle at his place. There is no provision as to what the receptacle shall be. The result is that everything from a bird box to a tomato can, a boot leg or a waste basket, is used; in fact, anything that will catch a letter as the carrier goes by.

Rural delivery was inaugurated before the question of boxes had received serious consideration, and the same method respecting boxes was employed as now exists on star routes, namely: That any receptacle placed in front of a house or on the roadway by the patron was supposed to be sufficient to receive the mails from rural carriers. After a brief period of experience, the Postmaster-General found that the office was so besieged with complaints about the losses of mail, and the number of charges against carriers for not having delivered mail,

became so numerous that an investigation was ordered. The commission making the investigation was composed of tried postal employees. They made a thorough examination of the conditions, and submitted a very strong report recommending the adoption of some approved plan of boxes which would be not only watertight but sand proof, basing their conclusions upon the fact that they had found many cases where charges had been made against the carriers due entirely to the loss of mail through windstorms, and that certain of the letters the loss of which had been complained of had never reached their destination but had been whisked from the receptacles by the wind and blown away. The Postmaster-General approved this report and decided that an approved box was essential, the effect of which was that as a rural carrier was a bonded officer and responsible for the delivery of the mails intrusted to his care, he must have protection.

This decision, of course, did not apply to the contractor who was supposed to be a star-route carrier. Moreover, as you are aware, the star-route contractor per se seldom performs the duty himself, but employs a substitute. In many places star-route contractors employ colored boys as carriers. An instance was lately called to my attention where a star-route carrier, presumably a substitute, had taken mail from a post-office, and in order to indicate to him where letters were to go the postmaster marked a red cross in the right corner or a blue cross in the left corner, the letter bearing the red cross being for John Smith, or the one with the blue cross for Bill Jones.

There is not anything compulsory about the style of the rural carrier boxes. There is no monopoly on them, as has been intimated. All the department requires is that a box shall be waterproof, so that the mail deposited therein shall be free from damage by rain storms, or windstorms, in districts where the sand blows fiercely, and where the mail shall be properly protected.

The dimensions of these boxes are arranged so as to accommodate all theailable matter, except extraordinarily long packages of merchandise. There are, I think, to-day upwards of 325 persons or firms from whom approved rural-delivery boxes are obtainable. The *modus operandi* is that anyone who makes a box for use on rural routes which compares favorably with the dimensions and the quality of material prescribed by the Department is required to submit a sample to the Department for approval. The Department turns the sample over to a standing committee, whose duty it is to examine the box and report to the Fourth Assistant Postmaster-General as to whether or not it comes within the requirements, and if not, to state wherein it is deficient.

Then the inventor or the maker of the box—some of them are patented and some are not—is notified of the result of the examination. In case the box is found deficient in any particular the manufacturer, if he so elects, may correct any objections that may be raised to the box, in which case the box is approved and placed on the list of approved boxes. Every box on the published list has been carefully inspected as to its material and proper proportions. This procedure is not only a matter of protection to the patron, but it is also a matter of protection to the carrier as well.

Rural-delivery boxes are very cheap. They run in price from 50 cents to as high as \$4, I think. The \$4 box is a somewhat ornamental affair. The average price is about \$1.50. These boxes are protected

the same as city mail boxes. They are only used by bonded carriers. It is optional with the patron whether the box is kept locked. If it is locked, the carrier has a duplicate key.

The CHAIRMAN. How many letters are registered through the carriers?

Mr. DEGRAW. I could not answer that question definitely, as it is a matter that is under the office of the Third Assistant. It can be ascertained by comparing the records with the offices which have rural service. There are a great many pension cases handled by the rural carriers. The rural carrier is really a moving post-office. He writes money orders and registers letters and packages, of which there are a great number.

The CHAIRMAN. Are there any statistics showing what the registries are through the carriers, as distinct from those in the office from which the rural route is supplied?

Mr. DEGRAW. I do not think the Third Assistant keeps a separate and distinct record. However, it is available at the post-offices. Every registered letter is signed by the carrier when he turns it over to the postmaster. He secures the signature of the postmaster on the carrier's book, which releases him. Everyone who handles a registered letter signs for it before taking it in charge.

The CHAIRMAN. Do you know whether statistics have been compiled showing the number of money orders issued by the rural carriers?

Mr. DEGRAW. Such statistics can be obtained from the postmaster. Whether the Third Assistant compiles them I can not say. We keep a tally of the number of pieces of mail handled until after carriers have handled 5,000 pieces for three consecutive months; then we drop it, that being the minimum of record. If the count runs under that, we want to know the reason why the route is not being more liberally patronized.

The CHAIRMAN. In instances of a star route and a rural route or routes being upon the same highway, where inspection is had the report is inclined to be colored according to the bias of the inspector for one or the other branch of the service, is it not?

Mr. DEGRAW. The law requires the inspector to discriminate in that where a star route and a rural route parallel or duplicate any section of road. If the rural route can be adequately substituted or if there is a duplication of that part of the road, the star route must give way. In other words, it reads "that no part of this appropriation shall be expended for star route service where rural route service can be adequately performed," or words to that effect. So that rural routes have the right of way. That clause, I think, was first put in the post-office appropriation bill in 1906, and we endeavor wherever possible under its provisions to render the service by rural delivery. We are, however, very particular about the word "adequate," because the efforts of the Department under the policy which is being pursued is to give the people as near as possible what they want. There is no biased favoritism in the matter of service. Scarcely a day passes but that we find while apparently a rural route might very nearly cover certain star route service, by taking the star route off we would throw a certain community into a chaotic condition, so far as delivery of mail is concerned. That, under our construction, would not be "adequate" rural service. Therefore we do not disturb star

routes until the proposed changes are referred to the Second Assistant, and it is for him to decide whether or not the service we propose giving by rural carriers will be "adequate" service.

There are many star routes running from section to section which make probably two daily deliveries. The idea of rural delivery is not to go directly from section to section, but to go out through the country and make a circuit back to the office of emanation. In the circuit around the country there may be two or three small post-offices, and in passing those offices it may be that a rural carrier can supply them with a pouch service as readily as a star-route carrier, in which cases, everything else being favorable, we recommend discontinuance of the star service.

The CHAIRMAN. But in ascertaining and reporting whether there is adequate service by the rural delivery, the inspector ought to be unbiased, ought he not?

Mr. DEGRAW. Unquestionably.

The CHAIRMAN. Supposing he finds that the rural service is not adequate; is he required to report the alteration of the rural service which might avoid duplication of travel on that route and serve a considerable number of people who have not a delivery service?

Mr. DEGRAW. Yes, sir. Right here it may be of interest to you to know, and it is a great problem with us to-day, that in many sections of the country the star-route business combines a stage coach, which is very convenient for carrying people from one section of the country to another. There may be two or three small villages in the course of the route thus making a profitable daily stage line. Sometimes two or three trips are made per day. Of course that is a matter we can not take into consideration so far as the mails are concerned. Hence we frequently run across vigorous opposition against discontinuance of such star routes, not because the mails are not going to be adequately served, but because the substitution of rural delivery will necessitate discontinuance of the star-route stage line.

You can readily realize how it affects the people. In some places they make the opposition so pointed that it becomes a question as to whether or not we should interfere, although it might be a means of getting better mail service. We must judge from the returns received from the would-be patrons and invariably we permit the majority to rule in that case. This condition is emphasized in the New England States, where the stage lines have been running for years and years.

We are required to meet situations like that. We had one the other day. A certain community wanted a rural service where the star route has now a stage line. This community reported that the stage line has so much heavy carting to do that the driver walks the horses all the way, whereas if the community could get mail by rural service the patrons would save several hours by receiving it sooner than they now get it by star-route stage line. But in nearly all such cases the Representative in Congress, either in the Senate or the House, becomes interested, and through him we frequently confer with his constituents before deciding which of the services would be most desirable to meet the requirements of the majority.

Thereupon the committee adjourned.

COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
Monday, May 4, 1908.

The Committee this day met, Hon. Irving P. Wanger in the chair.

STATEMENT OF MR. P. V. DEGRAW, FOURTH ASSISTANT POST-MASTER-GENERAL—Continued.

The CHAIRMAN. Do any of the bills which have been introduced for the establishment of the parcel post appear to meet the case?

Mr. DEGRAW. There are two distinct propositions in regard to the parcel post.

The CHAIRMAN. I mean with reference to the parcel post on the rural delivery.

Mr. DEGRAW. The following bill introduced by Senator Burnham covers the ground thoroughly.

[S. 5122, Sixtieth Congress, first session.]

A BILL To provide a rural-delivery parcel post for merchandise and other articles mailed on rural-delivery routes, and for other purposes.

Be it enacted, etc., That the Postmaster-General is authorized, under such regulations as he may prescribe, to establish a domestic rural parcel post at special rates of postage, for the delivery on rural-delivery routes, of foodstuffs (including groceries, provisions, meats, fruits, and vegetables), dry goods, drugs, books, and other merchandise, unless the same shall be unmailable under this act or any other act as hereby amended.

SEC. 2. That such special rates of postage on such parcels of merchandise shall be five cents for the first pound and two cents for each additional pound or fractional part thereof, and on parcels weighing less than one pound as follows: Two ounces or less, one cent; over two ounces and not exceeding four ounces, two cents; over four ounces and not exceeding eight ounces, three cents; over eight ounces and not exceeding twelve ounces, four cents; and over twelve ounces and not exceeding one pound, five cents: *Provided*, That such postage shall be prepaid by ordinary postage stamps affixed to such parcels, and that the character of such matter shall be indicated by the words "Rural Parcel Post," stamped on each of such parcels by the postmaster or rural carrier receiving it: *Provided further*, That the establishment of such rural parcel post and special postage rates shall not in any wise affect the mailing of or postage rate on packages of third and fourth class matter, except within the limitations stated: *Provided further*, That nothing herein contained shall be taken as authorizing the acceptance or delivery at the special rates of postage herein provided of any parcel offered by any person acting as agent or representative, upon commission or otherwise, for any person or company not resident on such rural delivery route: *And provided further*, That only such parcels shall be received for delivery at the special rates of postage herein provided as are offered by bona fide merchants or dealers whose regular places of business are on rural-delivery routes covered by this act, in the ordinary and regular course of their business, and by residents on such routes in their individual capacity.

SEC. 3. That parcels covered by said special postage rates and deliverable by said rural-parcel post under this act shall not exceed eleven pounds in weight, three feet six inches in length, or six feet in length and girth combined, and such parcels shall conform to the Postal Laws and Regulations concerning mailability, except as they are modified by this act and regulations promulgated in pursuance thereof.

SEC. 4. That perishable articles of food submitted for mailing under said rural-parcel post shall not be accepted by postmasters or rural-delivery carriers more than three hours before the departure of the mail, and then only at the risk of the sender, and the postmaster or rural carrier shall stamp or note on any such parcels the time of acceptance and of transmittal, and the words "At the sender's risk."

SEC. 5. That the provisions of this act shall apply only to parcels mailed on and addressed to rural-delivery routes, as follows:

(1) From the post-office or station from which one or more rural-delivery routes emanate to any intermediate post-office or to any patron on any of said routes emanating from said post-office or station and supplied by rural carrier.

(2) From any intermediate post-office on any rural-delivery route to the post-office or station from which said route emanates, or to any intermediate post-office, or to any patron on that or any other rural route emanating from said post-office or station and supplied by rural carrier.

■ (3) From any patron on any rural-delivery route to the post-office or station from which said route emanates, or to any patron or intermediate post-office on that or any other rural delivery route emanating from said post-office or station and supplied by rural carrier: *Provided*, That in all cases where, under this act, parcels are mailed at a post-office on a rural route which emanates from a station of such post-office, such parcels shall be offered for mailing at such station; and in all cases where parcels mailed under this act are addressed to a post-office on a rural route terminating at a station of such post-office, such parcels shall be delivered to addressees at such station, and in the latter case addressees shall call or send for such parcels.

SEC. 6. That the proviso in the act of April twenty-eighth, nineteen hundred and four, chapter seventeen hundred and fifty-nine (Thirty-third Statutes, page four hundred and forty), relative to the transportation of merchandise by rural carriers for patrons, is hereby repealed.

SEC. 7. That seeds, cuttings, bulbs, roots, scions, and plants, when mailed under this act, shall be chargeable with the postage rates and subject to the limit of weight herein provided.

SEC. 8. That all provisions of law applicable to the third and fourth classes of mail matter, and all provisions of law applicable generally to mail matter, and not inconsistent with the provisions of this act, are hereby extended and made applicable to matter of like character mailable under this act: *Provided*, That matter so mailable shall be subject to the rates of postage and the limitation of weight herein provided.

The proposition for a parcel post on the rural delivery is entirely separate and distinct from the general revision of rates which is proposed by the Postmaster-General to apply on merchandise in the mails generally, his idea being to increase the limit of weight for the general service from 4 to 11 pounds and reduce the rate from 16 to 12 cents per pound—or \$1.32 for 11 pounds—while it is proposed to fix the rates for carrying packages from offices of emanation to patrons on rural routes at 5 cents for the first pound and 2 cents for each additional pound, or 25 cents for 11 pounds.

The CHAIRMAN. At the rate proposed do you think the revenues would be increased?

Mr. DEGRAW. Yes, sir; I do.

The CHAIRMAN. Would it require any change in equipment by the carrier?

Mr. DEGRAW. Not for the present. The equipment is now complete for any reasonable business, and the only possible increase in equipment would be in the number of carriers, if it became evident that those now employed could not carry the material; but we do not anticipate that.

The CHAIRMAN. Are they required to have wagons?

Mr. DEGRAW. Rural carriers are required to have wagons. We do not specify any particular kind of wagon. We leave that to their discretion.

The CHAIRMAN. Some of them use sulkies?

Mr. DEGRAW. Yes, sir; they use all sorts of vehicles—many two-wheeled carts—but they must, under the rule of the Department, use vehicles adequate to the requirements of the service.

In that connection it may be proper for me to add that there are times in some sections of the country when it is impossible for carriers to get through bad roads with any kind of vehicles. At such times we permit them to go on horseback. These conditions, however, we are endeavoring to overcome through cooperation with the Agricultural Department and State highway commissions.

The CHAIRMAN. There is no method contained in any pending legislation for carrying your fourth recommendation, for an improved method of disposing of the undeliverable articles by mail so as to eliminate, so far as possible, the feature of lottery which enters into the matter under the existing law or practice?

Mr. DEGRAU. I think there is not any such legislation pending at the present time. Senate bill 6421, which failed of passage during the last session of Congress, had this object in view. It read as follows:

A BILL Pertaining to the duties of the division of dead letters, Post-Office Department.

Be it enacted, etc., That hereafter dead letters and parcels containing valuable salable articles of merchandise shall be recorded in the division of dead letters, and when they can not be delivered to the addressee or to the sender shall be held, subject to reclamation, for one year from the recording thereof. If within said period they shall not have been reclaimed, such letters and parcels of value or importance to the person addressed or to the sender, and which can not be returned to either, shall be disposed of as the Postmaster-General may direct.

The CHAIRMAN. What method do you have in mind?

Mr. DEGRAU. Under the present arrangement the lottery features consist of the matter being sealed—closed in a sealed package—so that purchasers are buying a “pig in a poke,” so to speak. It is a great temptation to many people to attend sales in the belief that they may purchase cheaply something valuable. It also gives an opportunity to “sharpers” to impose upon the public. For instance, at the last sale of dead mail matter a man joined the crowd assembled in the salesroom and took from his pocket a package containing a piece of jewelry, a bracelet, I think, which had attached to it a number of bangles. He said “Whew! That is pretty nice.” People standing around naturally assumed it was something that had been purchased at the dead-letter sale. The man added, “I believe these are diamonds,” referring to the bangles. Some of the people who had been attending the sale and who were better posted than others in the crowd remarked that the Post-Office Department would not put on sale anything of that character. This man declared, “I have money that says they are diamonds.” A wager was made and the man accepting the offer inquired, “Who will prove it?” The other man suggested: “We will go to a jewelry store and prove it.” They went across the street to a jewelry store and the bangles were declared to be diamonds. I think the wager was for \$10, and, of course, the man who offered to make the bet that they were diamonds won the money and took it. The result was that the matter was followed up by post-office officials, who found that the man, prior to entering the sales room had gone to a pawn shop, made a deposit for the bracelet, and took it over to the dead-letter sale for the purpose of beating some one on a wager. The scheme worked very nicely. That is only an example of the results which sometimes follow the lottery plan, hence our desire to eliminate the lottery feature so that anybody who may come in to buy may know what he is buying.

The CHAIRMAN. Do you know why that method of selling these articles was adopted?

Mr. DEGRAU. It has been going on a number of years under the law authorizing the disposal of articles after a certain lapse of time.

The CHAIRMAN. What provision of law is there against changing the method governing sales?

Mr. DEGRAW. The only provision is under the present law, and it is believed that legislation would be necessary to change the method.

The CHAIRMAN. The act of June 8, 1872, provides that dead letters containing valuable inclosures shall be registered in the dead letter office [division of dead letters], and when they can not be delivered to the party addressed nor to the writer, they shall be disposed of, and a careful account kept of the amount raised, and shall be subject to reclamation by either the party to whom it is addressed or by the sender four years from the registry thereof; and all other letters of value or importance to the party addressed or to the writer, which can not be returned, shall be disposed of as the Postmaster-General may direct. When you sell useless furniture, it is not sealed, is it?

Mr. DEGRAW. Oh, no, sir. We do not have furniture in dead-letter sales, however.

The records of the Department show that the proposition to change the method of conducting these sales, so as to eliminate the objectionable lottery features which at present exist, contemplates the classifying and selling of matter of a similar character in bulk or in large quantities, after it has been opened and submitted for the examination of prospective bidders.

In other words, it is proposed to include a large number of handkerchiefs under one sales item, and to classify inclosures of hosiery, watches, and wearing apparel in a similar manner, so that dealers in these articles may examine them for the purpose of appraising their value before purchasing.

With regard to the authority given the Postmaster-General by existing law upon this subject, it may be noted that this question appears to have been fully discussed by a committee of the Department appointed in 1905, and after consulting the Assistant Attorney-General it was deemed advisable to ask legislative action.

The statute provides for the registry in the division of dead letters of dead letters containing valuable inclosures and directs that the contents thereof shall be disposed of, and careful account kept of the amount realized in each case, such amount to be subject to reclamation within four years. While this statute makes no mention of parcels or packages, it is evident from the wording that they are intended to be included, as letters do not contain inclosures of value which could be sold. This view is confirmed by the fact that at the time the statute was enacted articles of merchandise were not carried in the mails at other than the letter rates. The matter has repeatedly been taken up with the various auctioneers in Washington, and not one of them will undertake to separate each piece, as there are more than 300,000 articles sold yearly, and thousands of the articles are so insignificant that it would not pay an auctioneer to attempt to sell them separately. Furthermore, to prepare mail matter for disposal so that the amount realized in each case could be identified would require the services of a largely increased clerical force, and otherwise involve great additional expense.

Besides the lottery features of the sale as now conducted, a great deal of expense is incurred in the printing of the catalogue, and in keeping records of proceeds for reclamation.

The CHAIRMAN. Can you tell in what proportion of instances applications are made after one year for the proceeds of dead-letter articles sold at auction?

Mr. DEGRAW. The records show that the percentage of goods called for after the sale is less than one-twentieth of 1 per cent, and that within the second year and thereafter no applications have been received for proceeds of lost matter.

To complete this subject the attention of your committee is respectfully called to copies of Department records herewith submitted, namely:

Report of committee, bearing date of February 15, 1906; letter of the Assistant Attorney-General for the Post-Office Department, bearing date of February 17, 1906; letter of the Assistant Attorney-General for the Post-Office Department, bearing date of July 14, 1906.

REPORT OF COMMITTEE.

POST-OFFICE DEPARTMENT,
OFFICE OF THE FOURTH ASSISTANT POSTMASTER-GENERAL,
DIVISION OF DEAD LETTERS,
February 15, 1906.

The honorable the POSTMASTER-GENERAL.

SIR: The committee appointed by your Order No. 436, on November 11, 1905, to consider and make recommendations for an improved method of disposing of undeliverable dead mail matter, has reviewed the correspondence submitted by foreign postal administrations and the law and regulations upon the subject in force in this service, and respectfully submits the following preliminary report and recommendation:

Section 3938 of the Revised Statutes, included under section 53 of the Postal Laws and Regulations, provides:

"SEC. 53. Dead letters containing valuable inclosures shall be registered in the Dead Letter Office; and when they can not be delivered to the party addressed nor to the writer, the contents thereof shall be disposed of, and a careful account shall be kept of the amount realized in each case, which shall be subject to reclamation by either the party addressed or the sender, for four years from the registry thereof; and all other letters of value or of importance to the party addressed or to the writer, and which can not be returned to either, shall be disposed of as the Postmaster-General may direct."

It may be noted that the statute cited directs the disposal of dead letters containing valuable inclosures and that the proceeds of their sale shall be subject to reclamation for four years from the recording thereof in the division of dead letters, but reference is not made to miscellaneous articles or merchandise posted as third or fourth class matter. Section 57 of the Postal Laws and Regulations, however, requires that a record shall be kept of the address and contents of parcels of third-class matter of apparent value and of fourth-class matter and letters containing merchandise, and that unaddressed articles shall be held for a period of six months and addressed matter for a period of one year, and disposed of by sale.

The regulation mentioned was doubtless prepared to make the treatment of parcels conform, as far as practicable, to the requirement of the statute governing the disposal of letters. A strict application to parcels of the statutory direction governing letters, requiring that a careful account must be kept of the amount realized from each parcel as originally mailed, has been found to be not only impracticable, but impossible in existing circumstances.

As an illustration of the difficulties involved in applying the provisions of the statute to the sale of third and fourth class matter, it may be observed that this office holds unclaimed in its files to-day 118,642 separate inclosures of merchandise received during the fiscal year ended June 30, 1905, and, approximately, 70,000 parcels which have accumulated since that date awaiting claim by the owners. To prepare this mail matter for disposal so that the amount realized in each case could be easily identified, would require the service of an increased clerical force and involve an expense far beyond the amount to be realized from the sale.

The proceeds of these sales—from \$7,000 to \$8,000 per annum—have been made the subject of claim by the owners of merchandise to so small an extent as to make the methods at present employed, under limitations imposed, undesirable.

An examination of the records shows the amounts paid to claimants of mail matter after one year from the recording of it vary from a minimum of 70 cents to maximum of \$13.38 per annum, while the number of pieces reclaimed has not exceeded 10 in number in any one year. To secure recovery by the owners of the small amounts noted, sales aggregating \$8,000 have been conducted by means of printed descriptive catalogues costing over \$600 each year, and commissions have been paid to auctioneers of more than \$700 per annum, while the salaries of the clerical force employed in preparing the mail matter for disposal aggregate nearly \$5,000 yearly.

In the circumstances the committee deems it advisable respectfully to recommend that the provisions of section 3938 of the Revised Statutes be changed so as to limit the time during which dead letters and parcels containing inclosures of merchandise may be reclaimed to one year, and that steps be taken to secure the desired legislation on the subject as speedily as possible.

The change recommended reducing the period of limitation from four years to one year will enable the Department to dispose of undeliverable salable matter more economically than it can at present, and it will also secure the elimination of the so-called element of chance or lottery feature of the system, which has been the subject of criticism in the past.

It is suggested that the statute cited be amended to read as follows:

"Dead letters and parcels containing valuable salable articles of merchandise shall be recorded in the division of dead letters, and when they can not be delivered to the addressee, nor to the sender, the contents shall be held subject to reclamation for one year from the recording thereof; and all other letters or parcels of value or importance to the person addressed or to the sender, and which can not be returned to either, shall be disposed of as the Postmaster-General may direct."

The suggested amendment is not intended to affect the disposal of valuable inclosures other than articles of merchandise in the division of dead letters.

Respectfully submitted.

(Signed)

CHAS. N. DALZELL,
HENRY A. SHORE,
GEO. M. SUTTON,
Committee.

LETTER OF ASSISTANT ATTORNEY-GENERAL.

OFFICE OF THE ASSISTANT ATTORNEY-GENERAL
FOR THE POST-OFFICE DEPARTMENT,
February 17, 1907.

[Memorandum.]

The report of the committee appointed by order No. 436 of the Postmaster-General has been examined with reference to the statutes and regulations upon the subject considered by the committee.

There can be no doubt that legislation is necessary to carry out the recommendations of the committee. The present law (sec. 3938, Rev. Stat.) is defective in that it refers exclusively to "letters." The distinction drawn by the committee between "letters" and "miscellaneous articles or merchandise posted as third or fourth class matter," seems well taken; for the term "letters" is limited in its application to a written or printed message. (U. S. v. Britton, 17 Fed., 731-732.) In *United States v. Huggett* (40 Fed., 636, 640), it is said that:

"A letter is a written or printed message or communication in the form of epistolary correspondence. As used in the legislation of Congress, regulating the rates charged for postage, it is a technical word; a word to represent a class of mail matter that is in every business sense of so high a grade that all else becomes inferior in classification and in enumeration to it. Historically and in public knowledge and wisdom this is so, and no word is ever substituted for 'letters' in relation to the postal service. The omission of the term from a statute enumerating the various items of mail which are excluded from the mails by reason of obscenity shows an intention that the statute should not apply to letters."

In "*In re Dewees*" (7 Fed. Cas., 571, 572) it was said that—

"'Letters', as used in act Congress March 3, 1825, section 28, providing for the punishment of any person who shall frank any letters other than those written by himself or by his order on the business of his office, can not be construed to include printed circulars. The definition of 'letters' as correspondence wholly or partly in writing necessarily excludes from the definition printed circulars, whether in the form of letters or otherwise."

And in *Dwight v. Brewster* (18 Mass., 50, 56) it was said that—

"A letter is a message in writing. A packet is two or more letters under one cover. Merely covering a parcel of gloves, silk hose, or other merchandise with paper, and directing it to a person to whom it is sent, would not make such parcel a letter; nor is there any difference between such a parcel and one containing bank notes. The term 'letter' or 'packet,' in Statutes, Eleventh Congress, chapter 54, section 18, prohibiting any person carrying the mail from receiving or carrying any letter or packet, does not include a parcel or bundle of merchandise."

See also *Chouteau v. Steamboat St. Anthony* (11 Mo., 226, 230).

"Therefore the Government monopoly does not extend to all matter admitted to the mails, but only to letters."—Note to section 1136, Postal Laws and Regulations, 1902.

So that while it may have been the intention to include within the provisions of section 3938 of the Revised Statutes parcels containing valuable inclosures, that section refers in terms only to written or printed messages, such as are commonly called "letters."

The statute as the committee would have it amended reduces the period of reclamation from four years to one year, for reason given; changes "valuable inclosures" to "valuable salable articles of merchandise," and applies equally to letters and parcels.

Section 4050 of the Revised Statutes provides that unclaimed money found in dead letters shall be deposited in the Treasury as a part of the postal revenues; but apparently neither the law as it now exists nor as proposed by the committee makes provision for the reclamation of moneys contained in dead letters or parcels. This, however, is provided for by section 55 of the Postal Laws and Regulations, reading as follows:

"SEC. 55. A record shall be kept of all letters and other matter containing money, showing the name of the person and post-office address, the name of the writer, the amount and description of the inclosure, and the disposition thereof. Such mail matter must be receipted and accounted for by each employee of the Dead Letter Office through whose hands it passes until finally disposed of.

"2. Where matter containing money can not be delivered to the person addressed, or returned to the writer, it shall be held three months; at the end of which time the money will be separated therefrom and the amount entered upon the letter or other matter and the record. The money shall then be delivered to the Third Assistant Postmaster-General, whose receipt therefor will be filed. The Third Assistant Postmaster-General will deposit all such moneys in the Treasury to the credit of the postal revenues.

"3. All money found in dead letters or other matter shall be subject to reclamation four years from the recording thereof."

Whether or not the legislation recommended is advisable is an administrative question and one which it is not my province to determine.

Herewith is a form of proviso, drawn in pursuance of the recommendation of the committee, with certain additions concurred in by them, for insertion in the act providing appropriations for the service of the Post-Office Department for the next ensuing fiscal year.

(Signed)

R. P. GOODWIN,
Assistant Attorney-General for the
Post-Office Department.

The POSTMASTER-GENERAL.

LETTER OF THE ASSISTANT ATTORNEY-GENERAL.

OFFICE OF THE ASSISTANT ATTORNEY-GENERAL,
FOR THE POST-OFFICE DEPARTMENT,
July 14, 1906.

The honorable the POSTMASTER-GENERAL.

SIR: I have to reply to the request contained in the letter of the chief clerk of the 11th instant as to whether the recommendation of the committee appointed by the Postmaster-General to consider and make recommendations for an improved method of disposing of undeliverable mail matter by the division of dead letters can be consistently carried out, in view of the present legislation.

The committee's report appreciates the distinction between letters and parcels, and that the present law is applicable only to letters. Owing to the considered undesirability of drawing any distinction between letters and parcels in practice, the committee makes no recommendation as to the treatment of parcels apart from its recommendation as to letters. In this opinion, therefore, no distinction will be made

between the status of the two classes of matter in connection with the consideration of the authority of the Department to adopt the recommendation made.

The recommendation of the committee in effect contemplates, for the purpose of disposal, the lumping as one item of a number of separate articles of approximately the same character and value, and that, if claim be made for the amount realized from the sale of any particular article, the claimant be given a pro rata share of the amount realized from the sale of the entire item. As I understand it, it is desired to be known whether such lumping and this method of ascertaining the amount realized for each particular article would be proper. The committee expresses the belief that such procedure will satisfy the intent of the statute. The intent of the legislator is to be found in the words that he has used. The words of the statute are:

"Dead letters containing valuable inclosures shall be registered in the Dead Letter Office; and, when they can not be delivered to the party addressed nor to the writer, the contents thereof shall be disposed of, and a careful account shall be kept of the amount realized in each case, which shall be subject to reclamation by either party addressed or the sender for four years from the registry thereof * * *"

In my opinion, the intent of this law would not be satisfied by the method proposed. The statute requires that a careful account be kept of the amount realized in each case; and the phrase "in each case" refers to the disposal of each separate article. "The amount realized in each case" would not be known by the suggested procedure, because it could not be known how much the purchaser had paid for any particular piece. The words of the law seem very clear, and plainly require the separate disposal of each article to which it refers.

Very respectfully,

(Signed) R. P. GOODWIN,
*Assistant Attorney-General for the
Post-Office Department.*

The CHAIRMAN. Have you any general conclusion as to how many rural routes, or how few, are most advisable from the supply office?

Mr. DEGRAW. Of course that is regulated by the outlying district. We have never undertaken to declare how many routes might be operated successfully from any particular office. They run all the way from one to twenty, depending entirely upon the requirements of the outlying country. The average is about two to an office.

The CHAIRMAN. Where the number is large, is there a duplication of travel for some distances from the supply office?

Mr. DEGRAW. Such duplication of travel is not uncommon. Where rural routes are operated from a branch of a city post-office, for instance, they must necessarily travel distances before they can reach their respective routes. In such cases there is necessarily duplication of travel. It is permitted, however, only in cases where there are not roads sufficient to do otherwise. There are many instances where the duplication exceeds half a mile. There are some districts which have but one main road out of the towns or villages. In these cases, when it can be arranged more economically, loop routes are established outside the towns or villages, thus avoiding duplication of travel. Loop routes are served by pouches carried from the office of emanation by rural carriers. A great many routes are arranged in that way.

The CHAIRMAN. What was the result of the consolidation of the rural agents with the regular force of inspectors, so far as satisfactory service in your bureau is concerned?

Mr. DEGRAW. Good; I think it has worked out nicely. There is occasional complaint of delay, due, I suppose, to an insufficient force of inspectors. But, so far as our bureau is concerned, the change was a good one. Our inspection work naturally grows less with time. We have now less than 1,400 applications for rural service pending.

This summer we hope to be able to dispose of one-half or more of these, including the additional applications which may be received.

The petitions for service have decreased since I have been in office from about 210 per week to an average of about 65 per week. We had 5,000 applications on hand in March, 1905. While keeping the work on applications up to date we have been accomplishing a great deal in the elimination of the duplication of travel to which you have referred.

Generally speaking, I think the consolidation of the rural agents with the force of inspectors was a good move. The inspectors now can be used in both directions. Previously, rural agents were confined to rural delivery service. Since the change they have been utilized to inspect post-offices in the vicinity in which they may be engaged on rural service, which economizes time and force.

The CHAIRMAN. This is particularly a good feature, is it not?

Mr. DEGRAW. Yes, sir.

The CHAIRMAN. What further suggestion can you give the committee touching the justness and correctness of the expenditures under your bureau, or otherwise, in the Department?

Mr. DEGRAW. I think that under the reorganization of the bureau of the Fourth Assistant Postmaster-General, as it stands to-day, the service is being as economically administered as it can be, and I do not know of any recommendation I could make where any saving could be made except at the expense of good administration.

The CHAIRMAN. Do you know of any expenditures which are not in conformity with the appropriation laws?

Mr. DEGRAW. No sir; I do not.

The CHAIRMAN. Are there any other suggestions touching the functions of the committee to which you can refer?

Mr. DEGRAW. As a sample of clerical work which is being done to-day, as compared with what was being done prior to the reorganization, and in further answer to your question, I may say that prior to the reorganization in the division of supplies, we were handling yearly upwards of 73,000 communications. This year, up to the 1st of May, as compared with the previous year, we have handled but 47,000, or nearly 50 per cent less, showing that the reorganization has been in the direction of a simplification of the service. A number of clerks have been transferred from the division of supplies to the division of dead letters, where we have never before been able to get an adequate force to keep pace with the constantly increasing accumulation of dead mail matter. At the same time business is running smoothly.

In further answer to your last question, I would like to say that in the matter of ink we have recently discovered that the ink tablets purchased under contract, did not make permanent records. In other words, they did not stand the tests made by the Bureau of Standards or the Department of Agriculture. We have also had a similar experience with an ink fluid; but we have found that we can purchase a satisfactory permanent record ink under the Treasury Department's contract.

The ink tablets which we have supplied to post-offices are about exhausted. In cases where any material quantity of the tablets may be on hand we purpose arranging for their use in memorandum work or on counters where permanent record ink is not required.

The CHAIRMAN. The fluid ink to which you refer as meeting the desirable conditions is made under the formula that is specified in the advertisements of the Treasury Department for supplies, is it not?

Mr. DEGRAW. Yes, sir; it is a specially prepared ink.

The CHAIRMAN. In the proposals last year for ink, did you specify "writing fluid of the best standard make," etc.? The Treasury Department advertised and specified the ingredients, and tests were made of the ink to see that it met the requirements, which makes it possible for anyone who chooses to go into the manufacture of the article?

Mr. DEGRAW. Yes, sir; and all samples of ink, ink powder, and ink tablets submitted with bids for supplies for the next fiscal year have been sent to the Bureau of Standards for analysis and test. The report thereon has not yet been received, but it is expected soon. There would be many advantages in using an ink powder or ink tablet, if a satisfactory ink could be secured therefrom, such as economies in storing, packing, shipping, and handling.

The CHAIRMAN. In awarding contracts for supplies for items for the current fiscal year, under item No. 40 B [carbon paper], the prices are \$7.50 per the Carter Ink Company, and \$3.25 per the Law Reporter Printing Company. What accounts for that great difference?

Mr. DEGRAW. I am advised by the purchasing agent that there were 18 bids received under this item, ranging on subitem "b" from \$3.25 to \$31.60 per 100 sheets; that the committee on awards in its report on this item stated:

It is recommended that the bids of the Law Reporter Printing Company and the Carter's Ink Company for all of the four sizes be accepted. The bid first named is the lowest, and its acceptance will provide a paper of quality suitable for general use, while the demands for a better grade can be supplied through the Carter's Ink Company.

The purchasing agent says he finds that all of the carbon paper under this item supplied to the postal service has been of the cheaper grade, 153,000 sheets of the various sizes having been purchased up to this date, while 77,000 sheets of the higher quality and 2,250 sheets of the cheaper paper have been purchased for the Post-Office Department. This statement shows that under the purchases made by the division of supplies for the postal service we have confined ourselves to the \$3.25 grade, and we have had no complaint about it.

The CHAIRMAN. In view of that experience, might it not be possible that the quality supplied by the Law Reporter Company would also answer for the Department?

Mr. DEGRAW. While there are occasions in the Department when it is desired to make a greater number of copies than are usually required in the postal service, and while I can not state definitely as to that, I assume we are compelled to purchase carbon paper of a higher grade, as there is very great difference in carbon sheets. My experience in that line has been quite extensive for a number of years. We had trouble in the newspaper profession in getting proper carbon sheets to make a large number of copies, and I assume the higher grade carbon sheets are required for use in the Post-Office Department in special cases. I know that the policy of the Department requires the purchase of the cheapest grades of stationery suitable for the work to be done.

In answer to your inquiry of yesterday, Mr. Chairman, as to whether any statistics are available showing the number of money orders and registered packages handled by rural-delivery carriers, and if so, how they may be obtained, I find that these statistics are not immediately available.

Rural carriers are required to report daily the number of applications received by them for money orders; the number of packages received for registration, and the number of registered packages delivered; but only those offices are submitting consolidated statistical reports where the amount of mail delivered and collected by rural carriers is less than 5,000 pieces per month.

A call could be sent out to postmasters to furnish a report indicating the number of applications for money orders received by rural carriers and the number of pieces of registered mail handled by rural carriers for a given period, but it would take probably six weeks or more to collect and compile the data in the Department.

The division of registered mail has issued a notice to postmasters to forward at the close of the present fiscal year data showing the number of pieces of registered mail handled by rural carriers, and it is understood that the division of money orders contemplates issuing a call upon postmasters to furnish data as to the number of applications for money orders received by rural carriers during the fiscal year. The statistics will be compiled in the respective divisions and published in the annual report of the Third Assistant Postmaster-General. (Whereupon the meeting adjourned.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
Wednesday, April 15, 1908.

Committee called to order at 10 a. m., Hon. Irving P. Wanger in the chair.

**TESTIMONY OF MR. ABRAHAM L. LAWSHE, THIRD ASSISTANT
POSTMASTER-GENERAL, ACCOMPANIED BY MR. ARTHUR M.
TRAVERS, CHIEF CLERK.**

The CHAIRMAN. You entered upon your present position when?

Mr. LAWSHE. March 22, 1907.

The CHAIRMAN. What positions did you have in the Department prior to that time?

Mr. LAWSHE. I came from the Philippine Islands here. Do you wish to know my experience as a whole in the Post-Office Department?

The CHAIRMAN. Yes, sir.

Mr. LAWSHE. As a boy I was a clerk in a post-office, and served as postmaster in my own town (Converse, Ind.) from 1889 to 1893. I was appointed Deputy Auditor for the Post-Office Department (a Treasury Department position, however) in 1897 and served in that capacity until May, 1900, when I was made assistant auditor for Cuba and auditor for the department of posts of Cuba under the military government. In December, 1900, I was appointed auditor for the Philippine Islands. That position covered the auditing of the postal and money-order accounts in the Philippines. I resigned as auditor

for the Philippines to accept appointment as Third Assistant Postmaster-General, as stated.

The CHAIRMAN. You have read the report of the accountants to the joint committee on business methods?

Mr. LAWSHE. Yes, sir.

The CHAIRMAN. Are the duties and facts relating to the Bureau of the Third Assistant Postmaster-General correctly stated therein?

Mr. LAWSHE. In a general way, yes. There are inaccuracies of statement, but of minor consequence, as a rule. Some of the criticisms that they make, however, I do not regard as just or merited.

The CHAIRMAN. Are there any particular statements of fact that you can refer to as inaccurate?

Mr. LAWSHE. I would like to preface what I have to say with this statement: The Bureau of the Third Assistant Postmaster-General is the financial bureau of the Department. Its work in a sense is interlocked with that of other offices, especially that of the Auditor. The inaccuracies of statement concerning the finance division are particularly noticeable wherein criticisms are made of the routine followed in the issue of warrants that cover payments other than those made by postmasters. For instance, it is made to appear that there are some 19 different transactions involved, when, as a matter of fact, a number of them are made by the same person.

On page 29 the accountants go into minute detail to show the routine followed in the issuance of Post-Office Department warrants and conclude by saying that they are "finally mailed by an office boy over whom no supervision is exercised;" in the fifth paragraph of the following page they ridicule the "extraordinary safeguards" placed around warrants; and in the first paragraph of the same page they state that "in spite of all these supposed safeguards the Department retains no evidence to substantiate the payments, inasmuch as the reports for payment are returned to the Auditor's office, as are also the paid warrants after they are received from the Treasurer of the United States."

These statements are calculated to give the impression that these numerous steps are taken merely for the purpose of safeguarding the warrants, which purpose we ourselves defeat by finally turning the warrants over to an office boy. As a matter of fact, most of the steps referred to require but little time in their performance and they are believed to be essential in insuring a proper record in each of the offices through which they are required by law to pass, namely, the division of finance, the office of the Auditor, and the office of the Treasurer of the United States. There is just as much supervision over the employee who mails the warrants as there is over the other employees of the division. It is customary in the Government service, as well as in the business world, to have such duties performed by a messenger or a low-grade clerk. The superintendent of the division could not reasonably be expected to personally attend to or supervise such details. Banking institutions, for instance, have certain designated employees or "runners," who are intrusted with valuable securities and funds for collection or deposit.

Blank warrants are kept in a vault more for convenience than because of their commercial value, but it is believed that they should be properly protected and not permitted to rest on desks or tables after office hours.

These warrants in their make-up are different from bank drafts and other forms of commercial paper. They clearly show that they are issued by the Government. The public pays little attention to the signatures on such paper, and it would be a very easy matter for the holder of a blank warrant of this kind to fill the same out for any amount, sign fictitious names thereto and secure payment thereon through innocent channels. Due to this care such a thing as a fraudulent or fictitious warrant has never been issued. Every warrant that has ever been drawn was issued upon the Auditor's certificate of a balance due. This fact alone speaks volumes for the honesty and care which have been exercised in the handling of this paper, and the criticisms of the public accountants resolve themselves into a compliment when the real facts are brought to light.

The CHAIRMAN. What have you to say in a general way as to the accountant's report?

Mr. LAWSHE. Mr. Chairman, I do not want to appear as criticising the report of the public accountants. In fact, I want to say at the outset that there are a great many fine things in that report. I differ from the accountants in a number of essential particulars. I think they have laid down a most admirable system of bookkeeping. I believe, however, that it could be simplified. I think that their proposed system of accounting is not good in some particulars and they propose things which I could not indorse. Their system of organization also, I think, is faulty; but to their bookkeeping system I want to give a most cordial indorsement, with the exception that I think we could simplify it—not have as many steps as they have—and accomplish the same result. For instance, they lay down a system of entry work and bookkeeping to be employed by the division of stamps. At the time the public accountants made their investigation of that division we were beginning the work of revising its bookkeeping system. That is among the first things I took up in the Bureau after coming into my present position. As a result we have already installed a system of double-entry bookkeeping in that division which meets every requirement laid down by the public accountants, and I am inclined to think, in a simpler way than they have mapped out.

The CHAIRMAN. Can you give me an illustration of the system your bookkeeper has devised for the division of stamps?

Mr. LAWSHE. Certainly. As a concrete illustration of what has been accomplished in double-entry accounting and bookkeeping methods in the division of stamps since I became Third Assistant Postmaster-General, I submit a copy of the consolidated balance sheet^a covering the transactions of that division to March 31, 1908, on account of the fiscal year 1908.

We are trying to simplify methods, and I instructed him to make a thorough test of the accountants' suggestions, based on a series of supposed transactions liable to occur in the administration of the postal service, and follow the same with an illustration as to the possibilities under present organization and legislation. This he has done, and his report and illustrations are now in my possession. He cordially indorses the accountants' system of bookkeeping and says that with slight change in existing administration and an addition to the clerical force, substantially the same results produced by

^a See page 149.

the public accountants are possible of accomplishment immediately: without reorganization and without legislation. What we want, is the shortest and best method.

The public accountants' scheme requires, as you have perhaps noticed, a complete reorganization of the Post-Office Department. You can not do anything with the scheme as a whole, as laid down by the public accountants, without virtually tearing down all existing legislation and building up a new system of legislation and a new scheme of organization. It might take years to do that, and I believe it would be wiser to make as few changes in organization as possible, but to make as many changes in bookkeeping methods as possible; in other words, to arrive at a result, which we all want, without such revolutionary methods.

There are difficulties in the way, of course. In 1894 Congress appointed a commission, similar to the one that is now acting, to revise the accounting system of all the Departments of the Government. It became known as the Dockery Commission, and it employed expert accountants, just as the Postal Commission did. Those accountants were experienced in Government work and came from business fields and from railroad fields. They devised a system of accounting for the Government which found expression in the act of July 31, 1894, known as the Dockery Act, and the one under which all the Departments are now operating. They gave the Post-Office Department distinct treatment.

The act, as you will find by reference to it, provides that the accounts of all the officers of the other Executive Departments shall be rendered through the Department having supervision over the business. For instance, an army account is rendered by an officer, whether a commissary, a quartermaster, an ordnance officer—no matter what his capacity—he renders his accounts to the bureau which has jurisdiction over his work. The bureau gives those accounts an administrative examination and compiles its financial bookkeeping from the accounts so received, and they are then passed on to the Auditor. In the Post-Office Department the Dockery Act provides that the accounts shall be rendered directly to the Auditor for the Post-Office Department, and not pass through or be submitted to the Post-Office Department. The Post-Office Department by that act is deprived of the very facts, figures, and accounts that are necessary to enable it to do the bookkeeping which it is now criticised for not doing. The Dockery Commission seems to have considered economy mainly. They inserted in the Dockery Act a provision that all accounts rendered to the Auditor for the Post-Office Department which did not have an administrative examination should be examined by two clerks, independently of each other, in the office of the Auditor, and the bookkeeping of the Department was placed in the bookkeeping division of the Auditor's office. The result of that is that the Department is making its payments for railroad service and its miscellaneous payments for the postal service through the division of finance of the Third Assistant Postmaster-General's office and all other payments are made by the postmasters. We therefore have the facts and figures pertaining to the payments that the Department itself makes, but we have virtually no official knowledge of the payments made by postmasters, because their accounts are not submitted to and do not pass through the Department.

The Dockery Act provided, however, that certificates of settlement made by the Auditor covering postal accounts and postmasters' accounts should be transmitted to the Postmaster-General. The intent of that, I think, was to enable the Department to do some bookkeeping from those certificates, but that provision of the law has never been complied with. The Auditor for the Post-Office Department has never made certificates of settlement covering receipts and expenditures by postmasters to the Postmaster-General. Successive Postmasters-General have seemingly accepted that situation as they found it. The Auditor has always maintained that he was not in a position to furnish the certificates, and when I was the Deputy Auditor I made that contention myself; that we did not have the facilities to do it. The Department also said that it did not have the facilities to handle that work. So, for lack of facilities, this bookkeeping has remained in the office of the Auditor for the Post-Office Department. I think that the Post-Office Department ought to do administrative bookkeeping. It ought to get the facts first-hand from its own postmasters. While it would take more clerks, I think such bookkeeping is too valuable a thing to the Post-Office Department to be longer ignored. I hope Congress will provide the Department with facilities to do such bookkeeping. It is necessary to furnish correct information to Congress and to compile the cost-keeping records which are most desirable. I do not think, however, that in order to accomplish this it is necessary to revolutionize the whole Department. I think that with its present organization, its present machinery, and a little legislation in the way of additional clerks, and a simple requirement that the postmasters shall transmit their accounts to the Post-Office Department we could bring about the result that Congress evidently wants and that the Post-Office Department wants.

The CHAIRMAN. How much do you estimate the additional cost would be?

Mr. LAWSHE. It would require probably fifty trained clerks to do the entry work; they could not do much auditing, however.

The CHAIRMAN. What are some of your objections to the accounting scheme of the public accountants?

Mr. LAWSHE. The public accountants, if you remember, advocate or recommend that the office of Comptroller for the Post-Office Department be created. I do not see any objection to that. The officer performing those functions may as well be called a comptroller as anything else, but we have a Comptroller of the Treasury, who is at the head of the accounting system, and there may be some confusion caused by having three such officers, the Comptroller of the Post-Office Department, the Comptroller of the Treasury, and the Comptroller of the Currency. There should be some officer in charge of this centralized bookkeeping, financial, cost keeping, statistical, etc., whether he is called a comptroller or something else. The public accountants go further than that. They particularly recommend that the audit be made by the Comptroller and that the Auditor for the Post-Office Department give the accounts a review or verification.

Now, an audit means more than that, and the Auditor's function should not be weakened. In my judgment, he should be strengthened in his functions rather than weakened. The Auditor must pass upon the legality of expenditures, and he has the jurisdiction to call witnesses and to make any investigation relating to accounts that he

may deem necessary; but the public accountants particularly recommend that his work be a review or verification of the work done by the comptroller. Nowhere in their report do the accountants intimate that the Auditor might make a disallowance, and nowhere is there a statement as to how such items of difference shall be treated. They do not seem to have contemplated such a thing as the disallowance by the Auditor of an expenditure or the charging by him of an expenditure to a different appropriation than that to which charged by the Post-Office Department. It is the Auditor who finally determines, rather than the Department, although the Auditor, no doubt, would give very serious consideration to any statement made by the Department; but the final determination would rest with the Auditor. I should say that the officer performing the functions of comptroller ought to supervise the administrative audit of post-office accounts, but he should not be clothed with any final jurisdiction over the audit. For instance, the accountants recommend that there should be no other detail audit of money-order accounts than that of the comptroller.

We are receiving something like \$479,000,000 annually in our money-order business and expending like sums, and it would be extremely improper, it seems to me, to place the final audit of these money-order accounts in the officer who has the direction of the expenditures. It is the theory of our Government that an officer having control over, or the direction of, the expenditure of public money (and money-order funds are public money) shall have no voice whatever in the settlement of the accounts. The recommendation of the public accountants overturns that old theory, which, I think, is the correct one. Otherwise credits which should not be granted might be allowed and the result might be most deplorable. In 1836 the Post-Office Department audited its own accounts. They had a sort of verification or review by the First Comptroller, but there was no real auditing, and the scandals which arose, as you will find by reading the records, were of such a nature that the Secretary of the Treasury and the Postmaster-General both took occasion to ask Congress to bring about a different situation and to provide that the auditing should be taken away entirely from the Post-Office Department. That was done in 1836, and the Department ceased to audit its own accounts. If you would like citations covering this matter, from public documents, from 1836 and prior years, I would be glad to give them to you.

The CHAIRMAN. I think they would be desirable.

The citations referred to follow, and will be found in Decisions of the First Comptroller (Lawrence, 1880):

In December, 1834, Secretary of the Treasury Woodbury, in compliance with a resolution of the Senate, prepared and reported to that body a plan for the reorganization of the Treasury Department. I quote from his report as follows:

"It is manifest that no effectual check can ever exist in any case where the same officer authorizes the expenditure and audits or controls the audit of the accounts" (S. Doc. No. 6, p. 5, 2d sess. 23d Cong.) * * *

"In one branch of the Government the practical operation of a system of accounting which gave to the head of a Department the direction of the expenditures and also the control of the audit of them has been tested by experience. I refer to the Post-Office Department. It was, indeed, provided by the act of March 3, 1825, that the Postmaster-General should 'once in three months, render to the Secretary of the Treasury a quarterly account of all the receipts and expenditures in the Department, to be adjusted and settled as other public accounts.' But, as all the payments were

to be made by the Postmaster-General previous to their being submitted to the accounting officers, and as the examination of the accounts at the Treasury could not be speedily made, but in fact became several years in arrear, the accounting answered no useful purpose whatever. The power of the Postmaster-General over his expenditures was practically unchecked and unlimited.

* * * * *

"It seems to have been the concurrent opinion of legislators and statesmen of both political parties at the time that the wasteful and extravagant expenditures of the Department were in a great degree chargeable to the want of that *legal check* upon its disbursements which the system of accounting at the Treasury furnished to the other Departments of the Government.

"On the 9th of June, 1834, the Senate Committee on Post-Offices and Post-Roads, who had been specially charged to examine into the condition of the Post-Office Department, made report by Mr. Ewing, their chairman, which was very unfavorable to the Department, and ascribed the derangement of its affairs 'to the uncontrolled discretion exercised by its officers over its contracts and funds.' Mr. Grundy and Mr. Robinson, constituting a minority of the committee, made a separate report less unfavorable to the Department, but recommended 'that the Department be reorganized in such a way as to secure a proper degree of responsibility not only in the head but in the subordinate branches of the Department; and for that purpose the auditing of the accounts and the *final adjudication* of them, and the disbursements of its moneys, should be confided to officers appointed by the President and Senate.' (S. Doc., 1st sess. 23d Cong., No. 422, pp. 31 and 274.)

The attention of the President of the United States having been thus brought to the subject, he, in this annual message, in December, 1834, adopted the suggestions of the minority committee, above referred to, and recommended that the Post Office Department be reorganized with an auditor and treasurer of its own, appointed by the President, *who should be officers of the Treasury Department.*

The Committee of the Senate, having further pursued their investigations during the recess of Congress, made their final report, which, after reviewing the numerous great abuses and evils which had grown up, said:

"They may be principally traced to the absolute and unchecked power which a single individual holds over the resources and disbursements and all the vast machinery of the Department. The checks of various inferior officers upon each other are of no value when all are guided and controlled in their acts by one dominant will."

Hon. Amos Kendall, who had become Postmaster-General, in his annual report of December 4, 1835, strongly urged a reorganization of the financial branch of the Department. After speaking of several defects in the then existing system under which the Department controlled the audit of its own accounts, he proceeded as follows:

"It is believed to be a sound principle that public officers who have an agency in originating accounts should have none in their settlement. The War and Navy Departments are in general organized upon this principle. In the orders, contracts, and regulations of the heads of those Departments, or their ministerial subordinates, issued and made in conformity with law, accounts originate; the moneys are generally paid by another set of agents, but partially dependent on the heads of the Departments; *and the accounts are finally settled by a third set, who are wholly independent of them.* If from any cause an illegal expenditure be directed by the head of a department, it is the duty of the disbursing agent not to pay the money; and if he does pay it, *it is the duty of the auditors and comptrollers to reject the item in the settlement of his account.*

* * * The most important improvement required is to *separate the settlement of accounts* entirely from the Post-Office Department and vest it in an auditor appointed by the President, with the advice and consent of the Senate." (Ex. Doc. No. 2, 1st sess. 24th Cong., pp. 399, 400.)

Mr. LAWSHE. To pursue the subject a little further. We are deficient in expert accountants, because the Department has never undertaken any comprehensive bookkeeping. Appointments have not been made of persons having that training; but with a force of trained accountants and under existing laws, by requiring postmasters to render to the Department duplicates of their accounts current or reports, which I think the Postmaster-General could require administratively, we could introduce a system of double-entry bookkeeping which would give us most of the features that the accountants bring out; but we could not do the cost-keeping part of it

because we have not the means to secure all the information upon which the analysis of the expenditures would be made.

However, by a reasonable effort, all those facts could be secured and the Department could maintain a cost-keeping system which would enable Congress to know the cost of any particular branch of the service. It should do it at any reasonable cost, but, I repeat, I do not believe it is necessary to revolutionize the whole organization of the Post-Office Department to accomplish those things. I think it can be done more easily.

The CHAIRMAN. How many expert accountants do you think Congress should provide for that purpose?

Mr. LAWSHE. It is problematical. It depends upon the minuteness of the administrative audit. I would not advocate a minute audit by the Post-Office Department, but I would advocate an audit sufficient to indicate whether or not a postmaster is administering his office wisely. That would be disclosed by a simple administrative audit, not so minute as the Auditor would make, and our work would mainly be to do statistical and financial bookkeeping. The accounts as audited by the Auditor would not vary from the original partially-audited accounts that we might receive by more than 1 per cent, in my judgment. The difference would be an immaterial factor almost in any statistical figures which we might produce. That is, in view of the large sums involved, the difference would be a very small factor. Then, when we received the certificates of settlement by the Auditor, we could adjust the difference.

With a view to introducing some double-entry methods of book-keeping we have called for the names of the clerks in the Department who have had experience in such bookkeeping.

The CHAIRMAN. Upon the completion of your investigation you will be able to estimate with reasonable accuracy?

Mr. LAWSHE. I think so.

The CHAIRMAN. In your judgment, if there is an administrative audit provided for in the Department, will there be any possibility of reducing the labor in the office of the Auditor?

Mr. LAWSHE. I doubt very much if there would be if the present system is followed; but the accountants advocate an audit of the money-order accounts by a mechanical process. I am not prepared to either indorse or criticise that method. Eight years ago that method was proposed, and I looked at the machine and examined it from the standpoint of a deputy auditor, but the sentiment was unanimously against it at the time. There is, I think, one fact which the public accountants have overlooked in that connection. They claim that they will always be able to find a money order under this mechanical system by the date of payment. Now, the order may not be paid, and the presence of the order itself is the evidence of payment. The fact unknown, usually, is the date of payment. Under the present system the orders are reassembled by offices of issue and in numerical order, so that we know right where to go to find a money order if it has been paid. Under this system it is proposed to abandon the reassembling of the orders, and they are going to have a card to agree with each order, and the orders are to be left in the order of payment by office of payment. In other words, the very facts that you have to depend on to find the order will be unknown. The accountants have not covered that feature of it in

their report. They may know just how they are going to do it. I do not know, and I should like to be shown, because the thing they say they are going to find the order from is the thing unknown.

The Department issued last year 105,100 duplicate domestic money orders. That illustrates to some extent the necessity of being able to find a money order easily.

Mr. FAIRCHILD. What was the amount represented by the orders, the value?

Mr. LAWSHE. Approximately \$812,423.

I do not think that the Auditor's office should be materially weakened. All the other Departments of the Government have the administrative audit and the audit of the Auditor proper. The Post-Office Department is the only exception to that rule.

The CHAIRMAN. Will the system proposed by the public accountants save paper work?

Mr. LAWSHE. I do not think it can be urged for the system that it will save paper work. The system they propose, it seems to me, involves more paper work. Postal accounts are rendered quarterly, and money-order accounts are rendered weekly, or four times a month, according to the size of the office. They propose to eliminate a certain number of post-offices which are not money-order offices, and call them "nonaccounting offices," which would not render accounts to the Department, but render their returns to a district office.

The recommendation that all post-offices not money-order offices should be placed in a separate or nonaccounting class is heartily concurred in, but with all accounts rendered three times per month there would be a decided increase in the volume of paper work to be handled as compared with the old method.

The public accountants propose that the postal accounts (now rendered quarterly) and the money-order accounts (now rendered weekly or monthly) shall be consolidated into one account to be rendered three times per month—on the 10th, 20th, and last day—and that all funds in the hands of a postmaster shall be taken up in his rendered accounts. If we had the facilities for handling the accounts rendered three times per month, it would be a good thing. The Standard Oil Company, a great corporation, I understand, requires its agents to render accounts daily. That is how they keep in such close touch with their business everywhere. The Department receives its postal accounts quarterly and the money-order accounts weekly or four times a month. So, while it is a desirable thing to have accounts or returns oftener, it will be a costly thing.

There are now approximately 64,000 post-offices, of which approximately 37,500 issue money orders, leaving approximately 26,500 to become nonaccounting, although they would become accounting post-offices when authorized to issue money orders.

The 64,000 post-offices now render 256,000 postal accounts in one year, and 6,500 offices render their money-order accounts four times per month, and approximately 31,000 render them monthly. This means a total of 684,000 money-order accounts in one year, or a grand total of 940,000 per year under the old system. Under the proposed system of a consolidated account three times per month, with nonaccounting offices eliminated, the result would be as follows:

The elimination of nonmoney-order offices would leave approximately 37,500 offices to render accounts three times per month, or 36 times a year, equivalent to 1,350,000 accounts in one year, an increase of 410,000 over the present system. The number of vouchers will not be increased, but the labor of handling, registering, auditing and recording this larger number of accounts would be very greatly increased.

The system proposed by the accountants makes necessary and provides for original vouchers in triplicate. In my previous capacity as an auditor of public accounts I have always appreciated the necessity for original vouchers in duplicate—one for the administrative officer authorizing the payment and another as authority and justification to the Auditor in allowing the credit claimed—but I have never conceded the necessity for more than originals in duplicate.

The accountants insist that there should be “no distinction in the handling of funds” (page 74), although existing law requires money-order accounts and funds to be kept separately.

I heartily concur in the recommendation of the accountants that postmasters’ accounts should show all funds and all transactions, which they do not now do, but no especial advantage is seen in requiring postmasters to account for all funds—postal, money-order, and trust deposits—on one form of account-current. The business is necessarily transacted separately and the different accounts must be prepared in separate departments of a post-office by different sets of clerks. Their audit is likewise facilitated by this separation.

A mere recapitulation of the various accounts would meet every possible requirement, without compelling the Department or Auditor to deal with one form when the work would be facilitated by a distribution of its parts among many clerks.

Accounts are sworn to, and if, in order that the item of “stamped stock on hand” may be verified, postmasters were to take actual inventories of such stock when rendering postal accounts, it would be not only impracticable but impossible for them to do this three times per month. It is not apparent that the accountants considered these facts or that they made their recommendation notwithstanding.

The rendition of accounts more frequently would keep the Auditor and the Department in closer touch with its finances, and is desirable; but its accomplishment would make necessary a large increase in the clerical force of the Department as well as in post-offices. It does not seem to me that the public accountants have given very serious consideration to the number of people that might be required if their recommendation were adopted.

The CHAIRMAN. It would increase the force about how much?

Mr. LAWSHE. I can not tell you. I have not figured on it from that standpoint. I simply know that there would be 410,000 more accounts on the figures used, which were compiled some time ago. I think the statement would be a little stronger if based on the present conditions.

Mr. FAIRCHILD. What do they claim would be the advantage?

Mr. LAWSHE. There is a decided advantage in getting the information quicker. Three times a month is better than once a quarter. They seem to be going on the theory that the head of a big business enterprise ought to keep very closely in touch with all of the ramifications of the business, which is very desirable.

Mr. FAIRCHILD. Is that the only claim they make for it?

Mr. LAWSHE. They do not seem to make any argument for it. I would like to see it done that way if we had the facilities, but it means a great deal more work. It can not mean a decrease of work.

I do not think the committee should go into this with the impression that it is going to be more economical; it is going to be much more expensive, perhaps.

The CHAIRMAN. In your last annual report, on page 9, you make a recommendation respecting the return of undelivered second-class matter. Did you receive any criticism of that recommendation?

Mr. LAWSHE. Yes, sir; one criticism.

The CHAIRMAN. Is that all?

Mr. LAWSHE. Yes, sir; I do not remember any other. I think that is a very desirable thing.

Mr. FAIRCHILD. Is that following the custom of other countries, notably, England?

Mr. LAWSHE. In Canada if a paper is not delivered the publisher is no longer permitted to send it at the pound rate.

The CHAIRMAN. Have you any statistics as to what number of copies are undelivered?

Mr. LAWSHE. I have not. I am endeavoring to get some information. The postmasters write and some of them say that they have so many pounds a week of that kind of stuff. It is all sold as waste paper. Some write me that the publishers send five or six sample copies to one family the same week. They have been simply flooding the mails with that class of stuff.

(Thereupon the committee adjourned to meet to-morrow, Thursday, April 16, at 10 o'clock a. m.)

[See footnote, p. —.]

POST-OFFICE DEPARTMENT,
OFFICE OF THE THIRD ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., April 2, 1908.

Consolidated balance sheet covering the transactions of the division of stamps to March 31, 1908, fiscal year 1908.

Classified controlling account.	Sched- ule.	Debit.	Credit.
Postmasters' accounts:			
Charged to postmasters.....	A	\$133,535,321.14	
Orders unfilled by contractors.....	B		\$1,131,230.77
Orders unfilled by distributing subagencies.....	C		586,737.79
Issued to postmasters.....	D		131,817,363.89
Stamped paper lost in transit.....	E	11.31	
Total.....		133,535,332.45	133,535,382.45
Distributing subagency accounts:			
Net accountability of agents and subagents.....	F	2,260,904.94	
Orders unfilled by contractors.....	G		468,000.00
Stocks on hand.....	H		1,792,904.94
Total.....		2,260,904.94	2,260,904.94

Consolidated balance sheet covering the transactions of the division of stamps to March 31, 1908, fiscal year 1908—Continued.

Classified controlling account.	Schedule.	Debit.	Credit.
Manufacturing accounts:			
Appropriated funds in United States Treasury.....	I		
Appropriations for year..... \$2,000,851.80			
Payments to date..... 1,247,374.36		\$753,477.44	
Available for further orders.....	J		
Appropriations for year..... \$2,000,851.80			
Expense of manufacture to date 1,358,136.99			\$642,714.81
Due contractors.....	K		59,127.98
Due contractors on delivery of unfilled orders.....	L		50,902.73
Fines and penalties imposed upon contractors.....	M		4,731.92
Fines and penalties collected from contractors and covered into United States Treasury.....	N	4,000.00	
Total		757,477.44	757,477.44
Grand total		136,553,714.83	136,553,714.83

Certified correct:

C. BULLAWAY,
Accountant.

Approved and forwarded to Third Assistant Postmaster-General:

W. C. FITCH,
Superintendent Division of Stamps.

Approved and forwarded to Postmaster-General.

A. L. LAWSEY,
Third Assistant Postmaster-General.

SCHEDULE A.—Stamped paper charged to postmasters.

Geographical distribution according to books of charge in division of stamps.	Amount.
Alabama.....	\$897,706.24
Alaska—Arkansas.....	827,620.38
California—Colorado (L).....	4,202,081.40
Colorado (M)—Florida.....	2,942,891.66
Georgia.....	1,452,515.59
Guam—Illinois (L).....	9,262,784.69
Illinois (M)—Indiana (Z).....	2,696,520.90
Indiana (M)—(Z).....	873,993.26
Iowa.....	1,987,395.40
Kansas—Kentucky (C).....	1,624,832.63
Kentucky (D)—(Z).....	961,132.84
Louisiana—Maine.....	1,672,130.50
Maryland—Massachusetts.....	6,210,616.27
Michigan.....	2,647,475.56
Minnesota.....	2,178,088.96
Mississippi.....	764,804.80
Missouri (A)—(R).....	1,605,165.09
Missouri (S)—Nebraska.....	3,580,986.32
Nevada—New Mexico.....	2,786,923.46
New York (A)—(L).....	4,063,210.89
New York (M)—(Z).....	11,136,054.88
North Carolina (A)—(R).....	722,791.86
North Carolina (S)—Ohio (E).....	3,933,521.25
Ohio (F)—(Z).....	1,815,821.57
Oklahoma—Oregon.....	1,466,971.55
Pennsylvania (A)—(L).....	2,017,462.68
Pennsylvania (M)—(Z).....	5,404,262.80
Porto Rico—South Dakota.....	1,663,462.26
Tennessee.....	1,397,820.20
Texas (A)—(N).....	1,664,366.74
Texas (O)—Vermont.....	1,365,336.31
Virginia (A)—(O).....	681,196.08
Virginia (P)—Washington.....	1,701,166.61
West Virginia.....	780,013.04
Wisconsin—Miscellaneous.....	2,092,977.15
Charges from July 1 to Sept. 30, 1907, not segregated as to books of charge, being previous to the installation of new system of accounting as of Oct. 1, 1907.....	42,329,134.51
Net credits to postmasters as shown by adjustment ledger and certified separately (deduct).....	4,791.06
Total as per balance sheet	133,535,321.14

SCHEDULE B.—Orders in favor of postmasters unfilled by contractors.

Varieties of stamped paper.	Post- age value per unit.	Number.	Selling value.
Postal cards:	<i>Cents.</i>		
"McKinley".....	1	25,311,500	\$253,115.00
"D".....	2	203,000	4,060.00
Ordinary stamped envelopes:			
No. 1, first quality.....	2	6,750	142.83
No. 2, first quality.....	1	6,250	70.25
No. 2, first quality.....	2	25,250	536.31
No. 2, second quality.....	2	1,500	31.56
No. 3, first quality.....	1	67,250	755.89
No. 3, first quality.....	2	311,250	6,610.95
No. 3, second quality.....	2	153,250	3,224.38
No. 4, first quality.....	2	26,250	567.55
No. 5, first quality.....	1	733,500	8,244.54
No. 5, first quality.....	2	5,496,000	116,735.04
No. 5, second quality.....	2	564,250	11,916.96
No. 5, first quality.....	5	4,250	217.77
No. 6, second quality.....	1	51,500	572.68
No. 6, third quality.....	1	150,750	1,616.04
No. 7, first quality.....	2	176,000	3,843.84
No. 7, second quality.....	2	71,500	1,532.96
No. 7, first quality.....	4	500	20.92
No. 8, first quality.....	1	160,250	1,897.36
No. 8, first quality.....	2	880,250	18,787.86
No. 8, first quality.....	4	1,500	62.76
No. 9, first quality.....	2	210,500	4,639.42
No. 9, first quality.....	4	750	31.53
No. 10, first quality.....	2	17,750	377.01
No. 11, first quality.....	1	6,000	68.64
No. 11, first quality.....	2	5,250	112.56
No. 13, first quality.....	1	328,500	3,758.04
No. 13, second quality.....	1	30,000	337.20
No. 13, first quality.....	2	2,091,250	44,836.40
No. 13, second quality.....	2	17,000	361.08
No. 14, first quality.....	2	9,500	203.68
Newspaper wrappers:			
No. 12.....	1	585,500	6,229.72
No. 12.....	2	129,250	2,771.12
Special-request stamped envelopes:			
No. 1, first quality.....	2	500	10.58
No. 2, first quality.....	1	10,000	112.40
No. 2, first quality.....	2	17,000	361.08
No. 2, second quality.....	2	500	10.52
No. 3, first quality.....	1	43,500	488.94
No. 3, first quality.....	2	342,500	7,274.70
No. 3, second quality.....	2	21,000	441.84
No. 4, first quality.....	2	81,500	1,731.06
No. 5, first quality.....	1	1,116,000	12,543.84
No. 5, first quality.....	2	16,944,500	359,901.18
No. 5, second quality.....	2	814,000	17,191.68
No. 5, first quality.....	5	11,500	589.26
No. 6, second quality.....	1	46,000	511.52
No. 6, third quality.....	1	63,500	680.72
No. 7, first quality.....	2	308,000	6,726.72
No. 7, second quality.....	2	66,000	1,415.04
No. 7, first quality.....	4	500	20.92
No. 8, first quality.....	1	148,500	1,768.24
No. 8, first quality.....	2	1,357,000	29,636.88
No. 8, first quality.....	4	1,500	62.76
No. 9, first quality.....	2	400,000	8,816.00
No. 9, first quality.....	4	6,500	273.26
No. 10, first quality.....	2	6,000	127.44
No. 11, first quality.....	1	11,000	125.84
No. 11, first quality.....	2	8,000	171.52
No. 13, first quality.....	1	496,000	5,674.24
No. 13, second quality.....	1	107,500	1,206.30
No. 13, first quality.....	2	7,230,250	155,016.56
No. 13, second quality.....	2	622,000	13,211.28
No. 14, first quality.....	2	296,500	6,399.84
No. 14, second quality.....	2	21,500	456.66
Total pieces of stamped paper.....		68,414,500	
Total as per balance sheet.....			1,131,230.77

SCHEDULE C.—Orders in favor of postmasters unfilled by distributing subagencies.

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Postal cards:	<i>Cents.</i>		
"McKinley".....	1	43,219,500	\$432,195.00
"A".....	1	36,500	365.00
"K".....	1	280,000	2,800.00
"D".....	2	2,129,750	42,795.00
"E".....	2	257,050	5,141.00
"F".....	4	10,000	400.00
Ordinary stamped envelopes:			
No. 1, first quality.....	2	22,250	470.81
No. 2, first quality.....	1	5,750	64.63
No. 2, first quality.....	2	48,250	1,024.83
No. 2, second quality.....	2	7,500	157.80
No. 3, first quality.....	1	9,500	106.28
No. 3, first quality.....	2	167,500	3,557.70
No. 3, second quality.....	2	6,750	142.02
No. 3, first quality.....	5	250	12.81
No. 4, first quality.....	2	43,250	910.63
No. 5, first quality.....	1	625,000	7,025.00
No. 5, first quality.....	2	1,703,500	36,182.34
No. 5, second quality.....	2	83,000	1,752.96
No. 5, first quality.....	5	5,000	256.20
No. 6, second quality.....	1	187,500	2,085.00
No. 6, third quality.....	1	66,750	715.56
No. 7, first quality.....	2	88,750	1,938.30
No. 7, second quality.....	2	11,750	251.92
No. 7, first quality.....	4		
No. 8, first quality.....	1	201,500	2,385.76
No. 8, first quality.....	2	347,000	7,578.48
No. 8, first quality.....	4		
No. 9, first quality.....	2	178,500	3,934.14
No. 9, first quality.....	4	250	10.51
No. 10, first quality.....	2	13,000	276.12
No. 11, first quality.....	1		
No. 11, first quality.....	2	5,250	112.56
No. 13, first quality.....	1	288,000	3,294.72
No. 13, second quality.....	1	182,000	2,045.08
No. 13, first quality.....	2	692,750	14,852.56
No. 13, second quality.....	2	38,750	823.05
No. 14, first quality.....	2	14,250	305.62
No. 14, second quality.....	2	2,500	53.10
Newspaper wrappers:			
No. 12.....	1	970,000	10,320.80
No. 12.....	2	17,000	364.48
No. 12.....	4	530	21.02
Total pieces of stamped paper.....		51,976,300	
Total as per balance sheet.....			586,737.79

SCHEDULE D.—Issued to postmasters.

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Ordinary postage stamps.....	\$0.01	1,890,569,300	\$18,905,692.00
Do.....	.02	3,230,224,300	64,604,460.00
Do.....	.03	39,197,000	1,175,910.00
Do.....	.04	49,864,900	1,994,596.00
Do.....	.05	80,390,200	4,019,510.00
Do.....	.06	18,570,400	1,114,224.00
Do.....	.08	27,764,900	2,221,192.00
Do.....	.10	41,258,000	4,125,800.00
Do.....	.13	6,136,200	797,706.00
Do.....	.15	6,208,140	931,221.00
Do.....	.50	388,720	194,360.00
Do.....	1.00	59,530	59,550.00
Do.....	2.00	950	1,900.00
Do.....	5.00	725	3,625.00
Special-delivery stamps.....	.10	9,148,400	914,840.00
Jamestown stamps.....	.01	30,528,600	305,286.00
Do.....	.02	49,041,700	980,834.00
Do.....	.05	2,288,200	114,410.00
Do.....	.06	212,460	12,747.60
Do.....	.01	1,226,700	306,675.00

SCHEDULE D.—*Issued to postmasters*—Continued.

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Books of stamps (12s).....	\$0.02	9,224,360	\$2,306,090.00
Books of stamps (24s).....	.02	2,551,940	1,250,450.00
Books of stamps (48s).....	.02	835,130	810,076.00
Postage-due stamps.....	.01	4,746,900	47,469.00
Do.....	.02	13,921,300	278,426.00
Do.....	.03	483,900	14,517.00
Do.....	.05	1,194,200	59,710.00
Do.....	.10	3,888,150	388,815.00
Do.....	.30	3,370	1,011.00
Do.....	.50	3,520	1,760.00
Postal cards:			
"McKinley".....	.01	531,293,500	5,312,935.00
"A".....	.01	127,500	1,275.00
"K".....	.01	853,500	8,535.00
"D".....	.02	9,396,750	187,935.00
"E".....	.02	888,550	17,771.00
"F".....	.04	69,250	2,770.00
Ordinary stamped envelopes:			
No. 1, first quality.....	.02	693,000	14,663.88
No. 2, first quality.....	.01	170,000	1,910.80
No. 2, first quality.....	.02	2,189,000	46,494.36
No. 2, second quality.....	.02	212,250	4,465.75
No. 3, first quality.....	.01	1,066,000	11,981.64
No. 3, first quality.....	.02	12,116,250	257,349.15
No. 3, second quality.....	.02	1,030,500	21,681.72
No. 3, first quality.....	.05	53,000	2,715.72
No. 4, first quality.....	.02	1,485,250	31,546.71
No. 5, first quality.....	.01	29,621,750	332,948.47
No. 5, first quality.....	.02	126,664,650	2,690,357.17
No. 5, second quality.....	.02	3,601,000	76,053.12
No. 5, first quality.....	.05	259,250	13,283.97
No. 6, second quality.....	.01	2,495,500	27,749.96
No. 6, third quality.....	.01	4,203,500	45,061.52
No. 7, first quality.....	.02	5,978,250	130,564.93
No. 7, second quality.....	.02	1,685,250	36,131.76
No. 7, first quality.....	.04	7,260	303.34
No. 8, first quality.....	.01	5,328,750	63,092.40
No. 8, first quality.....	.02	15,708,000	343,062.72
No. 8, first quality.....	.04	130,250	5,446.66
No. 9, first quality.....	.02	4,845,250	106,789.31
No. 9, first quality.....	.04	106,000	4,456.24
No. 10, first quality.....	.02	830,500	17,639.82
No. 11, first quality.....	.01	281,750	3,223.22
No. 11, first quality.....	.02	924,000	19,810.56
No. 13, first quality.....	.01	9,792,000	112,020.48
No. 13, second quality.....	.01	1,494,750	16,800.99
No. 13, first quality.....	.02	51,764,975	1,109,841.07
No. 13, second quality.....	.02	3,188,500	67,723.74
No. 14, first quality.....	.02	1,770,750	37,964.88
No. 14, second quality.....	.02	84,750	1,800.00
Newspaper wrappers:			
No. 12.....	.01	24,234,250	257,852.42
No. 12.....	.02	2,131,500	45,699.36
No. 12.....	.04	12,500	525.50
Special-request stamped envelopes:			
No. 1 first quality.....	.02	18,500	391.46
No. 2, first quality.....	.01	97,000	1,090.28
No. 2, first quality.....	.02	332,500	7,062.30
No. 2, second quality.....	.02	27,500	578.60
No. 3, first quality.....	.01	627,500	7,063.19
No. 3, first quality.....	.02	8,206,500	174,306.06
No. 3, second quality.....	.02	539,500	11,351.08
No. 3, first quality.....	.05	11,500	589.26
No. 4, first quality.....	.02	1,621,500	34,440.66
No. 5, first quality.....	.01	21,973,500	246,982.14
No. 5, first quality.....	.02	335,857,250	7,133,607.97
No. 5, second quality.....	.02	15,392,500	325,099.60
No. 5, first quality.....	.05	272,000	13,937.28
No. 6, second quality.....	.01	1,062,500	11,147.90
No. 6, third quality.....	.01	699,500	7,418.64
No. 7, first quality.....	.02	7,234,000	157,990.56
No. 7, second quality.....	.02	1,894,000	40,607.36
No. 7, first quality.....	.04	12,000	502.08
No. 8, first quality.....	.01	3,090,750	36,594.48
No. 8, first quality.....	.02	28,049,500	612,601.08
No. 8, first quality.....	.04	113,000	4,727.92
No. 9, first quality.....	.02	8,788,500	193,008.54
No. 9, first quality.....	.04	153,500	6,453.14
No. 10, first quality.....	.02	85,000	1,805.40
No. 11, first quality.....	.01	144,000	1,647.36

SCHEDULE D.—*Issued to postmasters—Continued.*

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Special-request stamped envelopes—Continued.			
No. 11, first quality.....	\$0.02	254,000	\$5,445.76
No. 13, first quality.....	.01	7,509,000	85,902.96
No. 13, second quality.....	.01	1,811,000	20,355.64
No. 13, first quality.....	.02	134,685,800	2,887,663.16
No. 13, second quality.....	.02	10,864,250	230,756.67
No. 14, first quality.....	.02	5,252,500	112,613.60
No. 14, second quality.....	.02	446,500	9,483.66
Total number of pieces of stamped paper.....		6,975,787,940	
Total as per balance sheet.....			131,817,363.89

SCHEDULE E.—*Stamped paper lost in transit.*

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Ordinary postage stamps.....	Cents. 2	300	\$6.00
Special-request envelopes, No. 5, first quality.....	2	250	5.31
Total.....		550	11.31

SCHEDULE F.—*Net accountability of agents and subagents.*

Office and location.	Varieties of stamped paper distributed.	Net accountability.
Bureau of Engraving and Printing.....	International reply coupons.....	\$77,252.40
United States stamped envelope agent, Dayton, Ohio.	Stamped envelopes.....	613.96
United States postal card agent, Rumford Falls, Me.	Postal cards.....	1.17
Postmaster and subagent, Cincinnati, Ohio.....	do.....	205,940.00
Postmaster and subagent, Troy, N. Y.....	do.....	385,890.00
Postmaster and subagent, Washington, D. C.....	do.....	299,707.00
Postmaster and subagent, St. Louis, Mo.....	Postal cards and stamped envelopes.	1,291,500.42
Total as per balance sheet.....		2,260,904.94

SCHEDULE M.—*Fines and penalties imposed upon contractors.*

Name of contractor.	Amount.
Mercantile corporation.....	\$4,723.66
Hartford Manufacturing Company.....	8.26
Total as per balance sheet.....	4,731.92

SCHEDULE N.—*Fines and penalties collected from contractors and covered into United States Treasury.*

Name of Contractor.	Amount.
Mercantile Corporation.....	\$4,000.00
Total as per balance sheet.....	4,000.00

SCHEDULE G.—Orders in favor of distributing subagencies unfilled by contractors.

Subagency and varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Cincinnati subagency:	<i>Cents.</i>		
"McKinley" postal cards.....	1	5,000,000	\$50,000.00
Troy subagency:			
"McKinley" postal cards.....	1	10,000,000	100,000.00
"D" postal cards.....	2	2,000,000	40,000.00
"E" postal cards.....	2	1,000,000	20,000.00
Washington subagency:			
"McKinley" postal cards.....	1	5,000,000	50,000.00
St. Louis subagency:			
"McKinley" postal cards.....	1	15,000,000	150,000.00
"D" postal cards.....	2	2,500,000	50,000.00
"E" postal cards.....	2	400,000	8,000.00
Total number of pieces.....		40,900,000	
Total as per balance sheet.....			468,000.00

SCHEDULE H.—Subagency stocks.

Subagency and varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Bureau of Engraving and Printing:	<i>Cents.</i>		
International reply coupons.....	6	1,287,840	\$77,252.40
United States postal card agent, Rumford Falls:			
"McKinley" postal cards.....	1	117	1.17
United States stamped envelope agent, Dayton, Ohio:			
Ordinary stamped envelopes—			
No. 2, first quality.....	2	5,000	106.20
No. 7, second quality.....	2	11,000	236.84
No. 9, first quality (due agent).....	2	250	5.51
No. 14, first quality.....	2	6,500	139.36
No. 14, second quality.....	2	6,500	138.06
Cincinnati subagency:			
"A" postal cards.....	1	290,500	2,905.00
"McKinley" postal cards.....	1	9,008,000	90,080.00
"K" postal cards.....	1	717,500	7,175.00
"D" postal cards.....	2	971,750	19,435.00
"E" postal cards.....	2	592,650	11,853.00
"F" postal cards.....	4	612,300	24,492.00
Troy subagency:			
"McKinley" postal cards.....	1	15,755,500	157,555.00
"K" postal cards.....	1	4,179,500	41,795.00
"D" postal cards (due subagent).....	2	53,500	1,070.00
"E" postal cards.....	2	178,250	3,565.00
"F" postal cards.....	4	601,125	24,045.00
Washington subagency:			
"McKinley" postal cards.....	1	22,598,500	225,985.00
"D" postal cards.....	2	708,750	14,175.00
"E" postal cards.....	2	288,350	5,767.00
"F" postal cards.....	4	94,500	3,780.00
St. Louis subagency:			
"McKinley" postal cards.....	1	18,284,000	182,840.00
"K" postal cards.....	1	1,050,000	10,500.00
"D" postal cards.....	2	85,500	16,110.00
"E" postal cards.....	2	31,000	620.00
"F" postal cards.....	4	530,250	21,210.00
Ordinary stamped envelopes—			
No. 1, first quality.....	2	221,000	4,420.00
No. 2, first quality.....	1	187,750	2,110.31
No. 2, first quality.....	2	599,000	8,474.76
No. 2, second quality.....	2	290,250	6,106.86
No. 3, first quality.....	1	327,000	2,686.72
No. 3, first quality.....	2	1,074,250	22,817.07
No. 3, second quality.....	2	451,250	9,404.80
No. 3, first quality.....	5	22,000	1,127.28
No. 4, first quality.....	2	454,750	9,658.99
No. 5, first quality.....	1	2,851,750	32,053.67
No. 5, first quality.....	2	12,339,750	367,850.25
No. 5, second quality.....	2	607,000	12,819.84
No. 5, first quality.....	5	927,250	4,163.25
No. 5, second quality.....	1	449,250	4,995.66
No. 6, third quality.....	1	1,203,250	12,898.84

SCHEDULE H.—*Subagency stocks*—Continued.

Subagency and varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
St. Louis subagency—Continued.			
Ordinary stamped envelopes—Continued.	<i>Cents.</i>		
No. 7, first quality.....	2	511,750	\$11,176.02
No. 7, second quality.....	2	383,250	8,228.32
No. 7, first quality.....	4	13,250	554.38
No. 8, first quality.....	1	164,750	1,950.64
No. 8, first quality.....	2	1,068,750	23,778.50
No. 8, first quality.....	4	99,250	4,152.62
No. 9, first quality.....	2	733,000	16,155.32
No. 9, first quality.....	4	47,000	1,975.88
No. 10, first quality.....	2	165,250	3,531.15
No. 11, first quality.....	1	280,000	2,860.00
No. 11, first quality.....	2	183,750	3,939.60
No. 13, first quality.....	1	1,160,280	13,273.26
No. 13, second quality.....	1	424,280	4,768.57
No. 13, first quality.....	2	6,178,000	132,456.32
No. 13, second quality.....	2	528,750	11,230.65
No. 14, first quality.....	2	546,250	12,711.00
No. 14, second quality.....	2	296,500	6,297.66
Newspaper wrappers—			
No. 12.....	1	4,451,500	47,363.96
No. 12.....	2	2,008,500	43,062.24
No. 12.....	4	19,250	800.27
Total pieces of stamped paper.....		118,800,062	
Total as per balance sheet.....			1,792,904.94

SCHEDULE I.—*Appropriated funds in United States Treasury.*

Items.	Appropriations for year.	Payments for manufacture, etc.	Balances in United States Treasury.
<i>Manufacture of postage stamps.</i>			
Appropriation for year.....	\$500,000.00		
Manufacturing account, first quarter.....		\$119,549.12	
Manufacturing account, second quarter.....		121,536.14	
Miscellaneous expenses, second quarter.....		1.42	
Manufacturing account, third quarter.....		86,450.58	
Balance in United States Treasury for manufacture of postage stamps.....			\$181,462.74
<i>Manufacture of stamped envelopes and newspaper wrappers.</i>			
Appropriation for year.....	1,275,000.00		
Manufacturing account, orders in previous fiscal year (charged to first-quarter allotment).....		47,670.75	
Manufacturing account, first quarter.....		253,745.21	
Miscellaneous expenses, first quarter.....		598.92	
Deductions for imperfect and misprinted envelopes, first quarter (deduct).....		205.25	
Manufacturing account, second quarter.....		277,549.66	
Miscellaneous expenses, second quarter.....		582.81	
Deductions for imperfect and misprinted envelopes, second quarter (deduct).....		136.97	
Discounts under agreement of Aug. 17, 1907, second quarter (deduct).....		.99	
Manufacturing account, third quarter.....		231,786.58	
Miscellaneous expenses, third quarter.....		327.31	
Deductions for imperfect and misprinted envelopes, third quarter (deduct).....		302.01	
Discounts under agreement of Aug. 17, 1907, third quarter (deduct).....		299.69	
Balance in United States Treasury for manufacture of stamped envelopes and newspaper wrappers.....			463,773.77

SCHEDULE I.—Appropriated funds in United States Treasury—Continued.

Items.	Appropriations for year.	Payments for manufacture, etc.	Balances in United States Treasury.
<i>Manufacture of postal cards.</i>			
Appropriation for year.....	\$214,000.00		
Manufacturing account, first quarter.....		\$41,860.58	
Miscellaneous expenses, first quarter.....		39.35	
Manufacturing account, second quarter.....		39,030.65	
Postal cards paid for and destroyed in second quarter.....		.19	
Miscellaneous expenses, second quarter.....		10.15	
Manufacturing account, third quarter.....		26,704.65	
Miscellaneous expenses, third quarter.....		14.70	
Balance in United States Treasury for manufacture of postal cards.....			\$106,339.73
<i>Balances due foreign countries (international reply coupons).</i>			
Amount transferred from Office of Second Assistant Postmaster-General.....	22,851.80		
Manufacturing account, first quarter.....		950.60	
Balance in United States Treasury for manufacture of international reply coupons.....			1,901.20
Total as per balance sheet.....	2,000,851.80	1,247,374.36	753,477.44

SCHEDULE J.—Available for further orders.

Items.	Allotment of yearly appropriations by quarters.	Expense of manufacture, paid and payable.	Available for further orders.
<i>Manufacture of postage stamps.</i>			
First quarter.....	\$152,700.00	\$119,549.12	\$33,150.88
Second quarter.....	127,250.00	121,537.56	5,712.44
Third quarter.....	127,250.00	129,068.76	1,818.76
Fourth quarter.....	101,800.00		101,800.00
<i>Manufacture of stamped envelopes and newspaper wrappers.</i>			
First quarter.....	382,500.00	302,128.23	80,371.77
Second quarter.....	318,750.00	278,210.78	40,539.22
Third quarter.....	318,750.00	267,377.37	51,872.63
Fourth quarter.....	255,000.00		255,000.00
<i>Manufacture of postal cards.</i>			
First quarter.....	64,200.00	41,899.93	22,300.07
Second quarter.....	53,500.00	50,698.71	2,801.29
Third quarter.....	53,500.00	44,814.73	8,685.27
Fourth quarter.....	42,800.00		42,800.00
<i>Balances due foreign countries (transferred from appropriation account for Second Assistant Postmaster-General for payment of international reply coupons ordered).</i>			
First quarter.....	950.60	950.60	
Second quarter.....	1,901.20	1,901.20	
Total as per balance sheet.....	2,000,851.80	1,358,136.99	642,714.81

SCHEDULE K.—*Due contractors.*

Varieties of stamped paper.	Postage value per unit.	Number.	Selling value.
Ordinary postage stamps	\$0.01	225,187,900	\$12,835.67
Do . . . . .	.02	381,401,200	21,739.87
Do . . . . .	.03	4,300,100	245.62
Do . . . . .	.04	5,465,200	311.52
Do . . . . .	.05	8,935,600	509.33
Do . . . . .	.06	2,529,000	144.15
Do . . . . .	.08	3,278,000	186.85
Do . . . . .	.10	4,657,700	265.40
Do . . . . .	.13	604,300	34.45
Do . . . . .	.15	400,380	22.82
Do . . . . .	.50	62,930	3.59
Do	1.00	1,420	.08
Do	2.00		
Special-delivery stamps . . . . .	.10	675,240	105.24
Jamestown stamps . . . . .	.01	350,200	31.43
Do . . . . .	.02	454,300	39.75
Do . . . . .	.05	85,600	7.49
International reply coupons . . . . .	.06	1,000,000	1,901.20
Books of stamps (24s) . . . . .	.01	150,360	692.84
Books of stamps (12s) . . . . .	.02	1,027,360	3,260.83
Books of stamps (24s) . . . . .	.02	292,790	1,349.18
Books of stamps (48s) . . . . .	.02	89,090	609.90
Postage-due stamps . . . . .	.01	587,400	45.80
Do . . . . .	.02	1,651,100	128.79
Do . . . . .	.03	12,200	.95
Do . . . . .	.06	67,400	5.26
Do . . . . .	.10	527,800	41.17
Postal cards:			
"McKinley" . . . . .	.01	70,506,500	14,806.36
"D" . . . . .	.02	750	.32
Ordinary stamped envelopes:			
No. 5, first quality . . . . .	.01	250	.18
Do . . . . .	.02	1,000	.79
No. 8, first quality . . . . .	.01	250	.31
No. 13, first quality . . . . .	.02	975	.84
Newspaper wrappers:			
No. 12 . . . . .	.01	500,000	265.00
Do . . . . .	.02	500,000	490.00
Special-request stamped envelopes:			
No. 2, first quality . . . . .	.02	2,000	1.40
No. 3, first quality . . . . .	.01	1,000	.74
No. 5, first quality . . . . .	.02	1,500	1.20
No. 7, first quality . . . . .	.02	3,500	3.91
No. 7, second quality . . . . .	.02	3,500	3.20
No. 13, second quality . . . . .	.01	500	.44
No. 13, first quality . . . . .	.02	500	.44
Total pieces of stamped paper		714,319,295	
Total as per balance sheet			59,127.98

SCHEDULE L.—*Due contractors contingent upon delivery of unfilled orders.*

Varieties of stamped paper.	Post- age value per unit.	Number.	Selling value.
Postal cards:	<i>Cents.</i>		
"McKinley".....	1	80,311,500	\$12,666.41
"D".....	2	4,703,000	1,987.01
"E".....	2	1,400,000	294.00
Ordinary stamped envelopes:			
No. 1, first quality.....	2	6,750	4.54
No. 2, first quality.....	1	6,250	4.41
No. 2, first quality.....	2	25,250	17.71
No. 2, second quality.....	2	1,500	.90
No. 3, first quality.....	1	67,250	49.82
No. 3, first quality.....	2	311,250	230.35
No. 3, second quality.....	2	153,250	96.69
No. 4, first quality.....	2	26,250	20.23
No. 5, first quality.....	1	733,500	576.55
No. 5, first quality.....	2	5,496,000	4,319.86
No. 5, second quality.....	2	564,250	383.19
No. 5, first quality.....	5	4,250	3.34
No. 6, second quality.....	1	51,500	35.02
No. 6, third quality.....	1	150,750	79.93
No. 7, first quality.....	2	176,000	198.92
No. 7, second quality.....	2	71,500	87.63
No. 7, first quality.....	4	500	.67
No. 8, first quality.....	1	180,250	201.95
No. 8, first quality.....	2	890,250	1,063.97
No. 8, first quality.....	4	1,500	1.90
No. 9, first quality.....	2	210,500	286.28
No. 9, first quality.....	4	750	1.02
No. 10, first quality.....	2	17,750	12.00
No. 11, first quality.....	1	6,000	4.90
No. 11, first quality.....	2	5,250	4.20
No. 13, first quality.....	1	328,500	287.76
No. 13, second quality.....	1	30,000	22.80
No. 13, first quality.....	2	2,091,250	1,831.94
No. 13, second quality.....	2	17,000	12.92
No. 14, first quality.....	2	9,500	7.91
Newspaper wrappers:			
No. 12.....	1	585,500	310.35
No. 12.....	2	129,250	124.08
Special-request stamped envelopes:			
No. 1, first quality.....	2	500	.36
No. 2, first quality.....	1	10,000	7.01
No. 2, first quality.....	2	17,000	11.90
No. 2, second quality.....	2	500	.31
No. 3, first quality.....	1	43,500	32.19
No. 3, first quality.....	2	342,500	253.45
No. 3, second quality.....	2	21,000	13.27
No. 4, first quality.....	2	81,500	62.80
No. 5, first quality.....	1	1,116,000	877.19
No. 5, first quality.....	2	16,944,500	13,318.40
No. 5, second quality.....	2	814,000	553.52
No. 5, first quality.....	5	11,500	9.06
No. 6, second quality.....	1	46,000	31.28
No. 6, third quality.....	1	63,500	33.69
No. 7, first quality.....	2	398,000	348.10
No. 7, second quality.....	2	66,000	62.44
No. 7, first quality.....	4	500	.60
No. 8, first quality.....	1	148,500	187.13
No. 8, first quality.....	2	1,357,000	1,709.66
No. 8, first quality.....	4	1,500	1.89
No. 9, first quality.....	2	400,000	544.00
No. 9, first quality.....	4	6,500	8.84
No. 10, first quality.....	2	6,000	4.07
No. 11, first quality.....	1	11,000	8.80
No. 11, first quality.....	2	8,000	6.40
No. 13, first quality.....	1	496,000	434.49
No. 13, second quality.....	1	107,500	81.70
No. 13, first quality.....	2	7,230,250	6,338.71
No. 13, second quality.....	2	622,000	472.72
No. 14, first quality.....	2	298,500	247.75
No. 14, second quality.....	2	21,500	15.48
Total pieces of stamped paper.....		109,314,500	
Total as per balance sheet.....			50,902.73

COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
Thursday, April 16, 1908.

Committee called to order at 10.15 a. m., Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. ABRAHAM L. LAWSHE, THIRD ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. ARTHUR M. TRAVERS, CHIEF CLERK—Continued.

The CHAIRMAN. In your last annual report, Mr. Lawshe, you recommend a reduced rate of postage on books.

Mr. LAWSHE. It is suggested.

The CHAIRMAN. Do you think that there will be largely increased mailings through the lower rate?

Mr. LAWSHE. I am inclined to think there would be. My reasons for making that suggestion were these:

The purpose of a 1-cent-a-pound rate for newspapers and periodicals is declared to be educational. Is there anything any more educational than good books? From the difference in rate it will be seen that there is a discrimination between newspapers and periodicals and other good literature. The book rate should not apply to ordinary third-class matter, and the books that are sent under the third-class rate should not contain any advertising matter whatever; that is, advertisements should not be allowed upon the fly leaves of the book or elsewhere. They should be prevented from being turned into advertising mediums at a cheap rate of postage. The cheaper the rate for books of educational value the greater will be their circulation. The law gives to the publisher of a newspaper a rate of 1 cent per pound in bulk, or free in the country excepting at letter-carrier offices. The person who mails a book pays the third-class rate, 1 cent for each two ounces or fraction thereof, and the limit of weight is four pounds, unless it is one book, when it can exceed that weight. The Government receives between 8 and 9 cents a pound, because it gets the benefit of the fraction. It seems to me that there is an unfair discrimination against good literature in the form of books in these rates.

The CHAIRMAN. Would not that increase be felt in the carriage of the mails?

Mr. LAWSHE. There is a difference between this country and some other countries, because of its extent. The Canadians practically apply the zone system in some of their postal rates. We had that system at one time, but it is believed to be impracticable.

The CHAIRMAN. Do you think that would be impracticable upon parcels?

Mr. LAWSHE. I do not think it would be so impracticable upon books alone, because the aggregate volume would not be so great, but on other classes of mail, yes. But I would not advocate the zone system.

The CHAIRMAN. While it is very true that it would probably be impracticable on letters, yet isn't it entirely different when it comes to parcels?

Mr. LAWSHE. I am in favor of a parcels-post system to cover books and everything else mailable.

The CHAIRMAN. But with a parcels-post system under a flat rate, would not the Government get the long and unprofitable haul in most

instances, and for short distances, and would they not lose the opportunity to make up on the haul?

Mr. LAWSHE. I think that is nullified as to books largely by the fact that practically every large city, and even some of the smaller ones throughout the country, have publishing houses; San Francisco, Omaha, Chicago, St. Louis, Indianapolis, Atlanta, Philadelphia, Boston, each has them and there is competition among these publishing houses. Many of them are publishing the same books where the copyrights have run out, especially. The long haul would hardly apply because the books would probably be bought at the nearest point, as a rule. Do you not think that would eliminate the long haul to a large extent?

The CHAIRMAN. Probably to some extent; but I think the orders would largely be governed by the advertising of the publisher.

Mr. LAWSHE. We have inconsistencies now with reference to packages, whether they are books or merchandise. If you mail a package, say, at Indianapolis, Ind., to go by parcels post to New Zealand, and it passes through New York, it is mailed at the parcels-post rate of 12 cents a pound and will be sent to destination for that rate; but if it were to stop in New York City the fourth-class rate, or 16 cents a pound, would apply. In other words, it can be sent to New Zealand through New York City cheaper than it can be sent to New York. Mail matter is limited to 4 pounds in this country, but to 11 pounds to certain foreign countries where sent by parcels post. Those are inconsistencies that exist now.

The CHAIRMAN. But the volume of matter mailed to foreign countries is much smaller than in our own country?

Mr. LAWSHE. Yes; and for the smaller amount of business we have the long haul at the cheaper rate. The rates are usually lower because of the larger volume of business, and not because of the smaller volume, as under the present system. We have other similar complications. A periodical entered at the second-class rate at a letter-carrier office to be distributed by a carrier thereof must pay 1 cent if it does not weigh in excess of 2 ounces, but if delivered through a post-office box or the general delivery the rate is 1 cent a pound. A similar piece of mail could be deposited in the same post-office and be sent to New York to be delivered by a carrier thereat at 1 cent a pound, when, if delivered in the city in which published, the rate would be 1 cent for each piece if delivered by the carrier. That is an inconsistency of the law now. The postal rates have such inconsistencies, and they are very hard to avoid. The Canadian postal laws have the same inconsistencies. They prevent publishers at letter-carrier offices from swamping the mail carriers. The publisher is forced to employ his own carriers for this great amount of mailable matter. This particular inconsistency is one that is criticised a great deal by the public, which does not appreciate the reasons which impelled Congress to make the discrimination.

The CHAIRMAN. Will it be impracticable from an administrative standpoint to have postal rates on books or other packages based in part on distance?

Mr. LAWSHE. I do not think it would be entirely impracticable, but it would be difficult, because of the nice determinations that would have to be made as to distances. It often happens that mail is carried a long distance in order to reach a point a short distance away. For

instance, here are two points 6 miles apart, with no railroad between them, but each having a railroad with a junction point. The mail goes by rail 30 or 40 miles to the junction point, and then 30 or 40 miles to its destination, which is only 6 miles from the starting point. That is a common thing in the postal service. In such a case you would have the haul, but you would not have the distance. The Department tries to deliver mail most expeditiously, without regard to the distance involved. I do not think the zone system is wholly impracticable, but I would not like to see it employed. The difficulties of administration would be very great.

The CHAIRMAN. Would that be true if each State constituted a zone?

Mr. LAWSHE. You would have inconsistency when you sent mail from a point near the border of the State, because the same rate would apply there for the haul to the remote parts of the State. It would be all right if everything originated substantially in the center of the State. The zone system applies within a radius of a definite number of miles.

The CHAIRMAN. Have you provided for prompt deductions for failure to comply with contracts with respect to stamped envelopes and newspaper wrappers?

Mr. LAWSHE. Yes; we have a better system of protection now than we have ever had. Under the former contract we had no chemist on the ground to quickly discover any adulteration or deterioration of the stock. The stamped envelope agent was then required to visit the paper mills once or twice a week and make an inspection such as the eye could detect. Now we have at Dayton, Ohio, a chemist detailed from the Department of Agriculture with a laboratory, and he inspects and passes on all paper before it is released for printing, so that it is virtually impossible for deficient paper to get into manufacture without the fact being known in advance. We have practically the same system at Rumford Falls, Me., where the postal card agency is located. The present agent is an expert on paper, both from the standpoint of the dealer and the standpoint of the chemist. We feel sure that any paper turned out now is up to contract standard.

I think in this connection I might call your attention to the fact that the old standard of paper was a little higher than our present standard for stamped envelopes. There has been such an advance in the cost of paper that the Department could not get satisfactory prices, and the formula has been changed somewhat; but the paper seems to be giving satisfaction now. The early production was bad; we had a great deal of difficulty with the contractor on account of poor paper in the first few months. We imposed a penalty of some \$4,700 on account of inferior paper and likewise compelled him to replace envelopes complained of with satisfactory stock without cost to the Department. He was penalized in two ways, admitted the treatment was just, and settled without complaint. We are now getting paper substantially up to the contract standard. The fault was due to inexperience in the paper mills, where they had not been making this class of paper before. The trouble was not because of any willful intent to give us bad paper. They were as humiliated over the matter as we were, and spent their money freely to remedy the defects. The conditions now are very different.

The CHAIRMAN. What is the present status of the experimental stamp-vending machines?

Mr. LAWSHE. We are doing nothing excepting that we are having the machines tested in five different offices at this time under the supervision of the postmasters, and we intend to put the same machines in other post-offices and get reports from other postmasters. We had machines of German manufacture in the post-office here under test for thirty days. The postmaster has made a report as to the amount of spurious coin received and the defects of all sorts that were discovered. The inventor is endeavoring to overcome those defects, and has notified me that he would have in a few days some new machines that would meet the difficulties referred to. But we are doing very little, because we want to know first whether we are to have an appropriation. All of this experimenting has been at the expense of the inventors up to this time. Most of the machines require the stamps to be in rolls, and we are not prepared, because of lack of appropriation and contract, to produce them in that way; so, unless we get a small appropriation, we will be virtually helpless to go on with the investigations. I have great faith in the stamp-vending machine as an economical adjunct to the postal service, especially the night service.

The CHAIRMAN. Do you think it can be so constructed as to avoid imposition by the insertion of spurious coins?

Mr. LAWSHE. The history of their use so far is that very few of them are offered. The clerk at the window probably will get as much as the machines will get. The amount is too small to justify any fear of great loss on account of bad money. When Representative Snapp undertook to test the machine—which was a very good thing, and a very clever thing in Mr. Snapp to do—he went to the Secret Service Bureau of the Treasury Department and got an operator there to bring a box of coin to the Post-Office Department to test the machines. This was as good a test as we had. As to some of the copper coins, you could not tell that they were counterfeit but for the marks on them, as they were made of genuine copper, of the same size, weight, and appearance, yet pronounced to be counterfeit. Other coins were palpably counterfeit; some were lead slugs, but we got more counterfeit money and slugs in that one little test of Mr. Snapp's than we got in the whole month they were on trial.

I submit for the record a statement of the bad coin received aside from that deliberately offered by Mr. Snapp:

List of coins, foreign, counterfeit and mutilated, taken from the German stamp-vending machines while on test at the post-office, Washington, D. C., and for which stamps were issued.

Coins.	Number.	Amount.
Mutilated pennies	4	\$0.04
Slugs used as dimes	2	.20
Smooth and mutilated dimes	4	.40
Pewter dime	1	.10
Dime with hole in	1	.10
Panama coins used as dimes	2	.20
3-cent pieces used as dimes	12	1.20
Canadian dimes	30	3.00
Plugged dime	1	.10
Foreign coins used as pennies	2	.02
Total		5.36

You will note that only 30 cents in coins actually spurious were taken by the machines. The twelve uncurrent 3-cent pieces taken as dimes were a cheat. The other mutilated and foreign coins might have been received through a stamp window.

Mr. TRAVERS. Besides, each inventor had agreed in advance to deposit a sum of money sufficient to take up all spurious or bad coin.

Mr. LAWSHE. Yes; the inventors protect the Department from those impositions. Stamp-vending machines will probably be used in drug stores and department stores throughout the country in the near future, whether the Department takes them up or not, because they will vend stamps in a way to save the time of the clerk who now does it.

The CHAIRMAN. And either they or the machine men will stand the loss?

Mr. LAWSHE. Yes. Some of the machines are constructed to make a profit, for instance by giving two stamps for 5 cents. There is no law to prevent that so long as it is not done under Government auspices. The Government can not do it, but it can not prevent a private individual from doing it. The public would probably submit to that in drug stores and elsewhere. They would tolerate it, in my judgment, but I do not especially approve of the idea. I would rather see the Department make some use of them for its own benefit.

The CHAIRMAN. Have you thought of any method of better securing the Government against losses by burglary?

Mr. LAWSHE. The Government is pretty well protected against burglary. That, of course, does not come within my jurisdiction, but is a matter under the chief post-office inspector. The Department has had under consideration a good many schemes to protect the public from theft and misuse of stamps and stamped envelopes. Experience shows that stamped envelopes have been stolen in large and small quantities and offered for redemption. The Department has very rigid rules against the redemption of special-request envelopes except from the original purchaser. Objection to that is made by some people, who say they receive stamped envelopes for the purpose of making reply, and use their own envelopes for such purpose. We can not give consideration to such pleas, because office boys and others usually manage to gather up such envelopes, and do not pay anything for them, but sell them to dealers. So we redeem them only from the original purchaser, and that protects the purchaser.

There has been a strong demand from large users of postage stamps for the last ten years for the right to perforate initials in stamps for purposes of identification. Other countries allow it, and we have a recent opinion from the Assistant Attorney-General that we may permit it so long as the perforations are not for the purpose of advertising, but purely for the purpose of identification. The Postmaster-General, under date of April 7, issued the following order:

ORDER OF THE POSTMASTER-GENERAL.

[Order No. 1251.]

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., April 7, 1908.

Ordered. That the Postal Laws and Regulations be amended as indicated below. Amend section 562, paragraph 4, to read as follows:

"United States postage stamps, to be acceptable for postage, must be absolutely without defacement: *Provided*, That for the purpose of identification only, and not

for advertising, it shall be permissible to puncture or perforate letters, numerals or other marks or devices in United States postage and special-delivery stamps. The punctures or perforations shall not exceed one sixty-fourth of an inch in diameter, and the whole space occupied by the identifying device shall not exceed one-third inch square. The puncturing or perforating must be done in such manner as to leave the stamp easily recognizable as genuine and not previously used. The use of ink or other coloring matter in connection with such puncturing or perforating is prohibited."

Amend section 562 by adding the following as paragraph 5:

"5. When postage or special-delivery stamps are so affixed to mailable matter that one overlies another, concealing part of its surface, the stamp thus covered will not be taken into account in payment."

G. V. L. MEYER,
Postmaster-General.

The perforations will be of such a character that the users may always know their own stamps. If they are used by anybody else it will lead to inquiry and the probable detection of the person who abstracted them or misused them. There is a bill pending in the House, introduced by Mr. Sulzer, to authorize the Post-Office Department to make those perforations. According to the Assistant Attorney-General legislation is not necessary for the perforations, but Mr. Sulzer's bill has a further clause making it a penal offense to buy or sell them when perforated. The Merchants' Association of New York has been pushing this scheme very strongly, and the passage of Mr. Sulzer's bill would doubtless be gratefully received by large users of postage stamps. To make it unlawful to traffic in those stamps would protect the public. These thefts of postage stamps are much greater than one might suspect.

The CHAIRMAN. Is it the idea that the stamp owners will be permitted to do the perforating?

Mr. LAWSHE. Yes; entirely at their own expense. I think the order as issued a very good one; at least the Merchants' Association of New York is highly pleased. The only danger is that some may resort to advertising methods. If they do that the Government must tell them that the stamps are no longer good.

The CHAIRMAN. Would it not be well for the Government to do the perforating at the expense of the party desiring it?

Mr. LAWSHE. I think that would be a good idea; we would have a chance to supervise the work. We have not the appropriation for it, but I think next year we will ask for an appropriation. The Department would then have the chance to see what designs the purchasers are going to use and whether they are for advertising. I do not think there is any real advertising in mere initials, such as is prohibited by law.

The CHAIRMAN. If all perforations were done in the Department, and under the supervision of one person, that would avoid any conflicts?

Mr. LAWSHE. I think that would be desirable, but we haven't the facilities at this time because of lack of appropriation. I think it might ultimately be a source of revenue or profit to the Department. Other countries are doing it, and I think we ought to do it.

The CHAIRMAN. You recommend in your annual report the adoption of a postal note?

Mr. LAWSHE. I do not know of anything that would contribute more to public satisfaction than the adoption of a form of postal note. It was a great mistake that the old note was abandoned, although it was imperfect in form.

The CHAIRMAN. Were there many of those postal notes used at the time they were sold by the Department?

Mr. LAWSHE. They were used in enormous quantities, and I do not understand how they came to be abolished.

The CHAIRMAN. During what period were they in use?

Mr. LAWSHE. They were discontinued on January 27, 1894.

The CHAIRMAN. What is the advantage of the postal note over a money order?

Mr. LAWSHE. The postal note is primarily designed for use in transmitting small sums by mail. They are quickly secured, and no advice accompanies it; it is payable on indorsement, and at any money-order office if so desired, or at a particular office. It has a good many elements of facility that the money order does not have, but it does not have some of the elements of safety that the money order possesses, although for small sums it is safe enough. It is safer than currency, because it can not be used as currency, yet it is currency within the control of the remitter. The name of the post-office and the person to whom it is to be paid may be inserted by the purchaser. It is safe to say that millions of dollars worth of postage stamps are bought and used for remittance purposes every year. Large mail-order houses which I might name report that they each receive over \$100,000 worth of postage stamps in a year in remittances. That has a disturbing effect so long as we have the present system of compensating postmasters. It decreases the receipts of the large offices, and increases the receipts of smaller offices that do not do the business where compensation is adjusted annually. The firms receiving the stamps have to either use them themselves or sell them, and they actually do sell a large excess supply at a slight discount. They have got to get rid of them and get their money out of them, and they are accordingly sold to dealers. I do not know what the discounts are, but presume from 5 to 10 per cent probably. The use of postal notes would eliminate that element. Their use would not necessarily increase the volume of remittances, it would simply change the form of such remittances. We ought to give the public facilities for making remittances without employing postage stamps. We ought to penalize their use for that purpose, especially if our present system of compensating postmasters and readjusting salaries is continued.

The advantage of the proposed postal-note system is that it is an almost self-auditing scheme. The postmaster will be charged with the face value of the notes issued to him, and there will be a very little auditing. Nearly all other systems required a comprehensive, careful audit, because the amounts of the notes are not fixed, but are written in by the postmaster. Under this proposed system it is like a stamp audit, the postmaster being charged with the blanks issued to him and credited with his deposits and blanks on hand. By combining a few notes you can make any fractional change you want. Under the Canadian system they affix stamps to their notes to make the odd change, but that is objectionable under our system, as it would complicate the stamp returns very much. The postmaster virtually redeems the stamps in Canada, but this system, I think, is superior to that. Notes for 9 cents and less are suggested without fee—that is, in connection with another note—for the purpose of making exact change. The postal notes were used for about ten years, and it was a great mistake that their use was discontinued.

The CHAIRMAN. What saving would there be by the amendment of section 3834 of the Revised Statutes concerning bonds of postmasters, as you recommend?

Mr. LAWSHE. That is an additional condition in the bonds at money-order offices. There would not be any saving, excepting of embarrassment, annoyance, and inconvenience; there would be no money saving. The Government does not pay the expense of securing bonds. Bonds ought to be taken simply to cover liability for all funds that may come into the hands of postmasters. Right now we are endeavoring to extend the money-order system to give the people in the smaller communities such facilities, no matter if there would be but very few orders issued in a year. The people ought to have the opportunity. We are met with the objection that they have got to file an additional bond of not less than \$500 to cover the money-order business, and they are sometimes unable to do that. If that requirement were removed, the postal bond would be sufficient to cover all possible liability; the "additional condition" is not necessary.

The CHAIRMAN. I agree with you thoroughly, and it occurs to me that there will be a slight economy in having but a single form of bond.

Mr. LAWSHE. There would be some economy there; that is true.

The CHAIRMAN. Both in the printing and the stationery charge; and in the slight saving in other things. This additional condition ought to be covered by the general condition of the bond.

Mr. LAWSHE. Yes. On the general proposition of bonds, I should say that the bonds are excessive as a rule. That is my experience in the Department. Here is a postmaster, say, at a first or second class office, who is heavily bonded. The bonds of postmasters at first-class offices run to the hundreds of thousands of dollars. The postmaster does not personally handle the money, but he is liable for it. He has cashiers, and must be responsible for them, but they are bonded also. Those excessive bonds of postmasters, in my judgment, are wholly unnecessary. The funds are not in the personal control of the postmaster; he is making payments on disbursing officers' checks, the money being on deposit in national-bank depositories or with an assistant treasurer, and it would be impossible for a postmaster to embezzle those large sums. There would have to be collusion between four or five people in the office; and yet we impose bonds of hundreds of thousands of dollars on some postmasters. The highest bond we have is \$500,000.

Mr. TRAVERS. But there would not be much clerical time saved in this work, because in all offices above the Presidential class the bond is already fixed. We segregate there the liability for postal funds and money-order funds, but they do not give an additional bond.

Mr. LAWSHE. We abandon the principle of ample security when we get to an office of the size of New York, because the postmaster in New York could hardly give a bond that would cover the whole liability. It sometimes is difficult to get these bonds excepting by going to a surety company and paying large premiums. The Government stood out against the surety-company bond until a few years ago. I believe now that one half of a bond may be carried by a surety company, but the other half has to be a personal bond. I think there is room for improvement in this respect, and that there should be legislation to permit surety bonds as a whole, the surety company being required to appoint or designate somebody in the

community as its agent to take charge of an office in case of death or defalcation. I think it would be a great boon to postmasters if they were permitted to go to a surety company to get their bonds instead of to their friends.

The CHAIRMAN. Do you think the surety companies would keep as close watch on the conduct of the postmasters as individuals do?

Mr. LAWSHE. According to my experience, I should say a closer watch; for instance, in the Philippines the bonding was confined entirely to the surety company, which had agents on the ground keeping very close watch, a closer watch than I have known personal bondsmen to sustain. As a rule it is "a great shock" to the local bondsmen to find that the postmaster has gone wrong. They did not think that it could possibly happen, and they are usually very much shocked. Personally, I would prefer surety company's bonds to those of individual sureties. In case of a loss with personal sureties all sorts of influences are apt to be brought to bear upon the Department to enable the sureties to escape the liability assumed when they became bondsmen. In the case of a surety company their practice is to pay the loss when it is established, and to use all proper means to apprehend and convict the person guilty of the embezzlement. A change in policy in that respect would have a very beneficial effect upon the service.

Mr. TRAVERS. There is also another economy. Where we have individuals on bonds it is necessary to detail post-office inspectors to go to those cities and investigate the standing of the bondsmen, while in the case of the bonding companies we have their financial statements; we know how they stand, there is no question, no loss of time or expense to ascertain that fact.

Mr. LAWSHE. And another feature is that the financial standing of the local bondsmen is very changeable. They may sell property; they may have property one day and dispose of it the next, the Department not having any knowledge of it because of failure of the surety concerned, or the postmaster, to report the fact. That is a source of embarrassment.

Mr. TRAVERS. We are required now at least every two years to go over the bonds and see if they are adequate, and that would not be required under the surety company system.

The CHAIRMAN. What are the sources of profit in the money-order business?

Mr. LAWSHE. The main sources of profit are the fees derived from the issuance of money orders, the gain on exchange in settling international balances, and the gain derived by reason of nonpresentation of money orders.

The CHAIRMAN. Does the Post-Office Department aim to make a profit by reason of the nonpresentation of money orders?

Mr. LAWSHE. The Department does not endeavor to make a profit from that source, but it can not be avoided. Unlike the express money-order systems which make a profit by reason of nonpresentation of the orders, the Post-Office Department endeavors through the "advice," to locate the payee and make payment to him, and failing in that, to return the money to the remitter by repayment of the order. The efforts of the Post-Office Department in that respect are diligent. Nevertheless, a very large sum accrues annually to the service by reason of the nonpresentation of orders. From 1864,

when the money-order system was established, to 1893, the sum of \$1,250,000 of such gain was transferred to the Treasury, and to date \$3,474,311.21 has been deposited on account of unclaimed money orders and postal notes. Warrants drawn since, amounting to \$1,328,285.51, should be deducted to show the net gain. The last deposit of \$269,058.34 was on October 24, 1907. In the case of bank drafts and express money orders no especial attempt, that I am aware of, is made to restore the money to the purchaser of the draft or remitter of the money order in case of nonpresentation. When no action is taken, the profits which must arise from that source by other money-order systems must be very large, as indicated by the sums which accrue to the postal money-order system, notwithstanding its energetic efforts to make payments. We do not seek to confiscate an individual's money, yet, notwithstanding that we have a great gain. Our money-order system is sometimes assailed, but we believe that it is a magnificent system, well conducted.

The CHAIRMAN. Have you yet ascertained the cost of operating the money-order system?

Mr. LAWSHE. I have some figures available, recently compiled, as to what we believe to be the cost. There is, possibly, difference of opinion as to what should be included as items of cost. One statement, prepared seemingly by an opponent of the postal money-order system, included as an item of cost the sum of \$2,000,000 as a part of postmasters' salaries which should be charged against the money-order system. Postmasters' salaries are not fixed, even in part, on the basis of the money-order business transacted at a post-office, but entirely upon the postal business. Third and fourth class postmasters receive fees for money-order business transactions in addition to salaries, and in the case of postmasters of first and second class offices it is a question of clerks for the performance of the work and not of increased compensation to the postmaster. Therefore, I do not concede the fairness of the particular statement to which I refer. The real cost of the postal money-order service is the amount the Department would save if the money-order system were abolished.

I have seen one statement, which went the rounds of the press, to the effect that there is a loss of \$1,000 per day in conducting the postal money-order business. In some of the papers it is stated that there is a "leak" of \$1,000 a day, which can not be discovered, leaving it to be inferred that somebody is getting away with \$1,000 a day of the money-order funds. Of course, such statements are untrue. Some time ago I was directed by Postmaster-General Meyer to take measures to ascertain, as far as practicable, the present cost of operating our money-order system and the excess of expenditures over revenues, if any. Certain of the factors to be reckoned as expenditures are easily ascertainable, but other factors require special investigation. In an endeavor to ascertain the proportion of clerk hire at post-offices of the first and second classes properly chargeable to the money-order system, a circular was addressed to all the postmasters at those offices calling for a report on (a) the number of employees in each office engaged directly on money-order work; (b) the total of salaries paid such employees; (c) the portion of time of these employees occupied in assorting money orders and advices, respectively; (d) the proportion of the entire allowance for clerk hire properly chargeable to the money-order system; (e) the number and aggregate salaries of

employees whose services might be dispensed with if the money-order system were abolished.

The information contained in these reports was examined, compiled, and tabulated, and the result showed a total of \$2,328,982 chargeable to the money-order system for clerk hire at first and second class offices, which sum includes the amount paid out for clerical labor at the money-order exchange offices at New York, San Francisco, Seattle, Laredo, and Honolulu. The compensation paid to postmasters at third and fourth class offices for the fiscal year 1907 was \$1,115,221.92. The other items chargeable to the money-order system were ascertained from appropriations or from information furnished in the reports of the Auditor or of the Third Assistant Postmaster-General, and close estimates to include the cost of blanks, stationery, money-order, stamps, typewriters, copying presses, envelopes, and money-order forms supplied to postmasters and to the Post-Office Department; salaries of employees in the division of money orders, Post-Office Department; salaries of employees in the Auditor's office engaged on money-order business; cost of guard books used in the Auditor's office; loss of money-order funds by fire or burglary, and the commissions allowed foreign countries on international orders paid.

To ascertain the revenue of the money-order system is a comparatively simple matter, since the reports of the Auditor and the Third Assistant Postmaster-General contain accurate statements with regard to the items taken into account, to-wit: Fees for domestic money orders issued; fees for international orders issued; amount of invalid advices reported for the fiscal year ended June 30, 1907; gain on bankers' exchange for the same period; commissions received from foreign countries on international orders paid.

On the basis described the receipts and expenditures of the money-order system for the fiscal year 1907 were as follows:

Receipts.

Fees collected on domestic money orders issued.....	\$3, 805, 359. 41
Fees collected on international money orders issued.....	727. 240. 33
Total amount of invalid advices certified by the Auditor to the Postmaster-General for the fiscal year ended June 30, 1907, and covered into the Treasury.....	269, 058. 34
Gain on bankers' exchange purchased in liquidation of indebtedness to foreign countries on account of international orders.....	471, 448. 56
Commissions received from foreign countries on international orders paid.....	29, 227. 35
Total receipts.....	5, 302, 333. 99

Expenditures.

Cost of blanks and money-order forms supplied to the money-order division of the Department and to postmasters, as per Auditor's report.	\$173, 132. 51
Miscellaneous stationery, money-order stamps, typewriting machines, copying presses, envelopes, etc.....	20, 000. 00
Clerk hire at first and second class offices, according to special reports of postmasters.....	2, 328, 982. 00
Compensation allowed postmasters at third and fourth class offices, at 3 cents for each domestic or international order issued.....	1, 115, 221. 92
Salaries, 51 employees in Post-Office Department, division of money orders.....	64, 610. 00

Salaries, 506 employees in Auditor's office engaged on money-order business.....	\$504, 360. 00
Stationery used by such employees in Auditor's office.....	4, 274. 20
Cost of "guard books" used in Auditor's office.....	9, 234. 72
Loss of money-order funds by fire and burglary.....	29, 445. 28
Commissions allowed foreign countries on international orders paid....	302, 727. 74
Warrants issued during fiscal year ended June 30, 1907, in payment of invalid domestic orders and postal notes.....	228, 201. 86
Total expenditures.....	4, 780, 190. 23
Total receipts.....	5, 302, 333. 99
Total expenditures.....	4, 780, 190. 23
Balance (gain).....	522, 143. 76

It will therefore be seen that the total receipts of the money-order system exceeded the total expenditures for the year 1907 by \$522,143.76, which is believed to be a fair presentation of the case. The money-order system was not intended to be operated at a profit. It is supposed to be operated as nearly on the basis of its cost as practicable, and it is very certain that the gain of over \$522,000 exceeds any possible elements of unseen cost which ought to be included, and shows definitely and conclusively that the postal money-order system is not operated at a loss, but that it is operated at a safe margin above cost.

The CHAIRMAN. In your judgment, is it practicable or advisable to consolidate the assistant superintendents in the field with the force of post-office inspectors?

Mr. LAWSHE. There would be three bureaus affected if that were done. The public accountants recommend that the assistant superintendents of the registry and the money-order service connected with the Third Assistant's bureau be transferred to the post-office inspectors' corps, and that the assistant superintendents of the railway mail service of the Second Assistant's bureau and the assistant superintendents of the division of salaries and allowances of the First Assistant's bureau be likewise transferred. They do not recommend, however, that the special agents of the classification division of my bureau be transferred, as they evidently recognized that their work is a distinct feature of the postal service. I contend, and I think the First and Second Assistants will contend, that to so transfer these officials will be a step backward. I will give you my reasons for it, though I can only speak from my own standpoint.

The assistant superintendents of the registry and money-order service now in the field are not doing inspection work, but instruction work. They are past masters, you might say, in their particular lines—specialists—and they instruct clerks in the post-offices, install systems, etc., leaving the inspection of those things to the post-office inspectors. The inspectors are supposed to inspect the whole service, and their work would really require inspection of the work of our field people; but the radical distinction is that the inspectors look for the loose places, and our people instruct. That is the difference.

I do not believe it is possible to get post-office inspectors who are fully qualified to cover all of the phases of the postal service; for instance, we have letter-carrier service, rural-delivery service, railway-mail service, the registry service, the money-order service, the

classification service, and all of the phases of the postal service. When you have a man who knows the whole business from beginning to end sufficiently to instruct and inspect, you have a man that can command more than \$1,600 to \$2,000 a year, and that is what the Government pays. You can not get enough men of that caliber: we need specialists in order to secure the most efficient service and the best results.

The CHAIRMAN. They are capable of inspecting the postmasters in all of their duties, are they not?

Mr. LAWSHE. The inspectors are good, capable men, as a rule. I am an advocate of conventions of postmasters, and that has not been a very popular thing in the past. To illustrate, there will be a convention at Harrisburg, Pa., this coming week that will be attended by practically all of the postmasters of the Presidential grade. I will send to that convention Mr. H. D. Temple, assistant superintendent of the registry and money-order systems. He will talk to them about these branches of the service, answer any questions they may propound to him, and the result will be that every one of those postmasters will go home with some new and correct ideas. Such instruction secures uniformity of administration, and that means greater efficiency. I doubt if there is a post-office inspector sufficiently well versed in the details of the registry and money-order systems as a whole to perform that particular function as Mr. Temple will perform it. That is true of other branches of the service. I think it would be decidedly a backward step to have only post-office inspectors. If all the recommendations of the public accountants with respect to the registry system were followed, there would not be any cohesion in the system left. There would be a lack of concerted action. With so many officers participating, the system would be torn to pieces and not amount to anything. Now it is all administered under one head.

(Adjourned at 11.45 a. m.)

COMMITTEE ON EXPENDITURES
IN THE POST-OFFICE DEPARTMENT,
Saturday, April 18, 1908.

Committee called to order at 10.15 a. m., Hon. Irving P. Wanger in the chair.

TESTIMONY OF MR. ABRAHAM L. LAWSHE, THIRD ASSISTANT POSTMASTER-GENERAL (Continued), ACCOMPANIED BY MR. ARTHUR M. TRAVERS, CHIEF CLERK.

The CHAIRMAN. Postmaster-General Bissell, in his report for the year ending June 30, 1893, House Executive Document, Fiftieth Congress, second session, volume 12, says:

It has been suggested that the postal notes have outlived their usefulness and should no longer be issued; also that the rate charged for all domestic money orders be reduced and the form of the order simplified. I believe these changes to be desirable, and that the revenues would more likely be increased than diminished thereby.

The Dockery Commission in Report No. 210, Fifty-third Congress, second session (to accompany H. R. 4610), says:

Section 1 of the bill abolishes the postal note. The advisability of this is generally conceded. The postal note was intended to afford opportunity to send an odd amount of change through the mails. It affords no security, and if lost no duplicate bill is allowed to be issued. It causes great inconvenience and annoyance to newspapers and large institutions who receive money through the mail, as, when the inclosure is not in the letter, correspondence is necessary, and the individual who sends the postal note frequently is not aware that in buying a postal note he has no security whatever.

Have you considered those objections.

Mr. LAWSHE. Those objections which you refer to were well taken at the time, but the remedy should not have been in abolishing the note, but in perfecting it, as we are now proposing. Referring to the statement you have quoted from former Postmaster-General Bissell, on page 8 of proceedings and conclusions of the committee appointed by the Secretary of the Treasury and the Postmaster-General to consider the advisability of adopting the post-check scheme, appears the following statement made before that committee by the gentleman who was superintendent of the money-order system at the time:

When Mr. Bissell was Postmaster-General the proposition was made to abandon the issue of this note (postal note) because of the argument advanced that it was payable to bearer, and that, therefore, you might as well inclose one of these bills (Treasury bills) in a letter. He favored the proposition, and the note was abandoned. At that time the money-order division of the Department suggested to the Postmaster-General that the object (greater safety) might be gained by causing the spaces in the body of the postal note to be left blank, so that the person using it might, for example, insert therein the name of "Richard Roe" as the payee of the note. * * * The Postmaster-General hastily decided the matter and determined to do away with the note, and it was abandoned, much to the regret of the public and despite its protests.

The old note, as you will recall, was payable to the bearer, and at any money-order office, and the amount was written in by the postmaster. In that form it was nothing more than paper currency; it had no restrictive features about it. If found by anyone it could be cashed by him; it was not a perfect thing. But the note now proposed is in fixed denominations from 1 cent to \$2.50. That is, we have from 1 cent to 9 cents of free notes, then other fixed denominations from 10 cents up to \$2.50, the amount being printed in the note, so that by combining not more than three notes, practically any fractional amount of change below \$2.50 may be inclosed. The proposed postal notes are not payable to bearer, but to a stated individual who will indorse the note, and the office upon which it is drawn will be inserted. All this eliminates the objection which Postmaster-General Bissell made at that time.

The CHAIRMAN. Will it not involve as much labor to make out those postal notes as to make out a money order?

Mr. LAWSHE. Oh, no; very much less. First, in many of the notes, all the postmaster will do will be to affix the date by the stamp at his office, hand the note to the remitter, who may insert the name of the post-office himself and the name of the payee, but the postmaster is permitted to do that if it is desired. The postmaster has hardly any work to do in connection with it. It is virtually a form of draft payable to a designated person.

The CHAIRMAN. The commission, in the report cited, also states:

Anyone who desires to send money must be aware to whom he wishes to send it, and if it is sent to a party who is not convenient to a money-order office he simply has to

indorse the money-order over to some one who is convenient to a money-order post-office or indorse it in blank and send to some one to collect it for him, who may fill in the name for proper identification to obtain the money on the order, or send it to a bank.

Mr. LAWSHE. Does not that refer to the money-order instead of the postal note?

The CHAIRMAN. To the money-order, yes; but I think it is intended as an argument to show why a money-order should meet the purposes for which the postal note is intended, when it is desired for the purpose of making a particular remittance. Is there any real necessity for the letter of advice in connection with the money-order?

Mr. LAWSHE. There is not any necessity, so far as the public is concerned, excepting as to the protection which it affords, but it is a very valuable adjunct, a "tracer," for the Department, and one that I should be very sorry to see dispensed with. One feature of that was referred to in our last hearing. The Post-Office Department undertakes to restore the money to some one entitled to it when an order is not presented, and the advice in such cases is the real evidence and tracer in the case. The postmaster at the office upon which the money-order is drawn and where the "advice" is on file makes inquiry as to the payee. If the order is not presented promptly, it is his duty to make such inquiry. The public does not wait upon the advice. The advice is no inconvenience to the public whatever. There are rare instances, however, in which a postmaster may not promptly forward the advice, but under the system as now operated that causes little or no inconvenience, because postmasters, especially at the larger offices, are broad enough to pay an order without the advice in hand if the person presenting it is responsible, or if it comes through a bank. I think the advice should be retained. Postmasters are more wide-awake, I think, than they were some years ago, and they forward advices practically by the same mail, at least we have few complaints that it is not done.

The public accountants appearing to base their recommendation for the abolition of the advice upon information obtained during "investigation of the conduct of the money-order business at the outside offices," it is deemed eminently proper that in answer I make use of material furnished sometime since by the postmaster at Chicago, Ill., whose office pays far more domestic money orders than any other, and, consequently handles the largest number of advices. During the calendar year ended December 31, 1907, there were paid at the post-office at New York 291,484 domestic money orders, amounting in the aggregate to \$6,542,410.75, while the Chicago post-office during that year paid 11,579,648 orders, amounting to \$73,852,628.40.

The argument advanced by the postmaster at Chicago for the retention of the advice, to which I heartily subscribe, is as follows:

(1) The advices are prepared and forwarded principally at the thousands of small offices scattered all over the country, where only a few orders a day are issued and time is plentiful, while they provide the great paying offices in large cities with the most reliable and convenient means of maintaining their records.

(2) The amount of labor involved in handling the advices at the paying offices, while considerable, is exaggerated, and not to be compared with the advantages derived from their use.

(3) It is not only impracticable but absolutely impossible for any large office to consult the press copies of statements to secure information in answer to the hundreds of routine inquiries received every day. * * * A full record of the particulars of the orders would have to be made and kept in some way, and the advices provide the way to a minimum of labor and the maximum of satisfaction.

(4) Post-offices can not be made final repositories of either their paid or issued vouchers, and the advices and remitters' applications effectually supply their places.

(5) The Government is not engaged in the money-order business primarily for profit, but to serve the public. It therefore aims to bring about promptly the payment of all amounts intrusted to it, and this it could not do effectually without advices.

(6) A considerable part of the profit of private institutions is derived from unclaimed amounts or unpaid claims, but the Government more equitably endeavors to find the payees, and spares no efforts to get the amount of all orders to their proper destinations. If this were not done—and it could not be done without advices—thousands of dollars every month would go unclaimed.

(7) Through the presence of advices in the paying office, information of the most valuable character is constantly at the disposal of payees, and duplicates of missing orders may be obtained with great promptitude and without bond, trouble, or expense, by simply signing an application at either of the offices concerned.

(8) These advantages are now thoroughly understood by the public, and they know it is due to the use of advices. The great mail-order houses and other large patrons of the system have repeatedly declared they should be glad if all their customers would make remittances by postal money orders only, on account of the certainty that they would secure the amounts remitted either by original or duplicate, and the fact that the records of the post-office are available when their own records are at fault in a case of complaint. * * *

(9) It is a mistake to regard the advice as old fashioned and out of place in modern business transactions. On the contrary, it is a very pronounced modern tendency among business men to keep as few books as possible and rely on files in nearly all matters of record. This is the filing system in the money-order business, and is especially noticeable among banks where formerly ponderous books were consulted in nearly every case. There are also large business houses whose filing systems are almost identical with that of large post-offices (newspaper offices, for instance) and who keep no books except cash books. All orders, bills, tickets, invoices, etc., are made out in manifold and systematically filed.

(10) While shrewd and successful business men are coming to use the system employed in the transaction of money-order business, those within the service who urge reverting to the methods which these men have discarded can not be regarded as especially progressive in their ideas. They should be referred also to the experience of the enlightened postal administrations of foreign countries, none of which has succeeded in doing business satisfactorily without advices.

The advice is and always has been a distinctive, and, in my opinion, necessary adjunct to all the great postal money-order systems of the world. Many experts hold that to legislate it out of existence in this country would be to render the United States money order no better or more secure than the express order, except for the fact that it would still be backed by this great Government.

The CHAIRMAN. Would not your proposed plan of a postal note require the printing of an enormous number of notes?

Mr. LAWSHE. Not unnecessarily. It would have another advantage that has not been brought out, that the business man is enabled to make small remittances by postal notes which he might purchase in book form. They may be stamped up and issued to him in book form, to be used as he requires them without going to the post-office for them, but they would have to be used within a prescribed period. This would be a great convenience to large remitters.

The CHAIRMAN. But the large remitters generally keep bank accounts, and pay by check?

Mr. LAWSHE. They may keep bank accounts, but it is not, I think, as convenient to make remittances of small amounts by bank checks or bank drafts, when the recipients may not be able to get the cash at a bank. With the postal note, the holder goes to a post-office, and the postmaster is obliged to pay it. Remittances often go to the smaller towns where they, as a rule, do not have bank facilities. There would be no increase of competition with the banks if we had

postal notes, because many of the postal notes would emanate from fields that the banks do not cover.

The CHAIRMAN. It is not likely that individuals who rarely remit money, and who are in the habit of remitting by postage stamps, would care to purchase postal notes to any considerable extent, is it?

Mr. LAWSHE. It would depend upon the circumstances. There are a great many instances where they would. But they are so convenient, with so little trouble in issuing them, that there would be no extended waiting at the post-office window for three or four postal notes. The scheme, as I said, would be of assistance to persons who regularly make small remittances, for they could get them in the form of books and issue them without going to the post-office. I have examined a number of postal-note schemes and I am free to say that I have not found one, from the standpoint of practical operation, superior to the scheme proposed in my annual report. It is not my scheme, as I had very little to do with it, excepting to make some minor changes. I am not claiming any credit for it, but simply advancing it as the best scheme I have seen from the standpoint of the Department, the public, the auditor, and all who have necessarily a part in the business of handling the notes.

The CHAIRMAN. If postal notes were issued, would the idea be to keep such a record of them that payment could be traced?

Mr. LAWSHE. It is not the purpose to do that, and that is wherein the system differs from the money-order system, although they can be traced. The postmaster, as a matter of fact, would not be required to make entry in his books of the name of the person who bought the postal note, or where it goes for payment. That is the simplicity of the method we are advocating. All those elements are eliminated, yet it makes virtually a fractional currency for the amount desired, expressed in print on the face of the note, so that it can not be altered or raised, but at the same time payable to a designated person at a designated place. The Post check was advanced, as you know, as a scheme for converting currency into a form of postal note. This is superior to the Post-check-currency scheme in many ways, I think.

Mr. FAIRCHILD. Your idea is to have a book containing fractional amounts?

Mr. LAWSHE. No; but in fixed denominations. Two or three notes might be necessary to make a particular sum; but the fees are so small that any combination would be cheaper than the same total would be if expressed in a money order. There is so little trouble and time used in issuing them that the Government could issue them for a very small fee. Let me read from my annual report:

Under the provisions of an act proposed by the Department, postal notes would be issued in 15 different denominations, 10 cents, 20 cents, 25 cents, 30 cents, 40 cents, 50 cents, 60 cents, 70 cents, 75 cents, 80 cents, and 90 cents; \$1, \$1.50, \$2, and \$2.50; and fees proposed at the rate of 1 cent for notes from 10 cents up to 90 cents, and at the rate of 2 cents for notes from \$1 up to \$2.50. A remitter might send by the use of one note, at a cost of 1 cent, any one of 11 different amounts (multiples of 5 cents), not exceeding 90 cents. Sums of \$1, \$1.50, \$2, and \$2.50 could each be sent in a single note at a cost of 2 cents, and the sum of \$5 in two notes at a cost of 4 cents. By using two or more notes the purchaser might send any one of the 96 different amounts of \$5

and under at a cost not exceeding 5 cents, any one of 81 different amounts of \$4.50 and under at a cost not exceeding 4 cents, any one of 57 different amounts of \$3.40 and under at a cost of not exceeding 3 cents, and any one of 31 different amounts of \$1.80 and under at a cost not exceeding 2 cents.

Then, in addition to notes of the 15 denominations above specified at the fees stated, notes of denominations of 1 cent, 2 cents, 3 cents, 4 cents, 5 cents, 6 cents, 7 cents, 8 cents, and 9 cents are proposed to be issued to the public without fee, so that an odd amount of change may always be made. These free notes would not be issued excepting in connection with other notes.

You asked me about the tracer:

To each of such notes would be attached a form of receipt, to be retained by the purchaser, which would bear the number and show the denomination of the note as well as the place of issue. Production of this receipt would facilitate inquiry in regard to the note—would, in fact, serve as prima facie evidence of the holder's right to a duplicate note in case of loss or destruction of the original.

But little labor would be imposed upon the purchaser or upon the issuing or paying postmaster in the issue and payment of these notes of fixed denominations, issued without written applications and without dispatch of an advice. The issuing postmaster would simply sign the note, stamp thereon the date of issue, and hand the note to the applicant upon receipt of payment therefor. The purchaser of a note for 10 cents or more, in order to make the note payable to a designated person or firm, would fill in the name of the payee and the office of payment on the lines therein provided for the purpose. He can have his option to make it payable to the bearer, or fix it for a designated person or a designated place. It would have all the advantage of currency, and all the safety of a bank draft.

The CHAIRMAN. Has there been any reduction in the fees for the domestic money orders since 1894?

Mr. LAWSHE. That was the last revision, 1894.

The CHAIRMAN. In its review of the work done by the Dockery Joint Commission, report No. 2000, Fifty-third Congress, third session, on page 5, it is stated:

It is believed that the reduction of rates will largely increase the volume of the money-order business, which during the last ten years has not kept pace with the increase of the volume of business in other branches of the postal service.

Has that expectation been realized?

Mr. LAWSHE. I can not say what has been the cause of the increase in the money orders issued; but the business has simply increased by leaps and bounds, and I might almost say faster than we are able to take care of it. I would like to present here for the record a table showing the volume of the money-order business in all of its details from the first year of its operation in 1865 to the year 1907, which shows how it has expanded. It is something wonderful. The postal business doubles itself every ten years, but the money-order business eclipses that.

The following table shows the growth of the domestic money-order business for the forty-three years during which it has been in operation. The number and amount of domestic money orders issued

and paid and the amount of fees received are also incorporated in the table:

Year ended June 30—	Number of money-order offices in operation.	Number of domestic money orders issued.	Amount of domestic money orders issued.	Amount of domestic money orders paid and repaid.	Amount of fees for domestic orders and miscellaneous receipts.
1865.....	419	74,277	\$1,360,122.52	\$1,313,577.08	\$11,536.40
1866.....	766	243,609	3,977,259.28	3,903,890.22	35,803.06
1867.....	1,224	474,496	9,229,327.72	9,071,240.73	70,889.57
1868.....	1,468	831,937	16,197,858.47	16,118,537.03	124,503.19
1869.....	1,466	1,264,143	24,848,058.93	24,654,123.46	176,247.87
1870.....	1,694	1,671,253	34,054,184.71	33,927,924.79	235,557.05
1871.....	2,076	2,151,794	42,164,118.03	42,027,336.31	295,563.38
1872.....	2,452	2,573,349	48,515,532.72	48,419,644.97	350,499.40
1873.....	2,775	3,355,686	57,516,216.69	57,295,012.27	354,816.66
1874.....	3,069	4,420,633	74,424,854.71	74,210,156.25	462,238.54
1875.....	3,404	5,006,323	77,431,251.58	77,361,660.75	494,717.27
1876.....	3,401	4,998,000	77,035,972.78	77,106,339.85	647,021.52
1877.....	3,697	4,925,931	72,820,509.70	72,908,475.25	624,409.66
1878.....	4,143	5,613,117	81,442,364.87	81,279,910.80	716,638.96
1879.....	4,512	6,372,213	88,254,641.02	88,006,200.20	799,347.09
1880.....	4,829	7,240,537	100,352,818.83	100,165,962.78	917,091.58
1881.....	5,163	7,663,232	105,075,769.35	104,924,853.61	967,772.93
1882.....	5,491	8,420,869	113,400,118.21	113,388,301.90	1,064,538.62
1883.....	5,927	8,807,556	117,329,406.31	117,344,281.78	1,102,838.42
1884.....	6,310	7,835,694	122,121,201.98	121,971,083.80	950,479.39
1885.....	7,056	7,725,893	117,858,921.27	117,996,205.06	925,125.03
1886.....	7,357	7,940,302	113,819,521.21	113,885,463.04	922,781.97
1887.....	7,853	9,232,177	117,462,660.89	117,264,026.66	914,076.57
1888.....	8,241	9,959,207	119,649,064.98	119,743,345.25	947,316.56
1889.....	8,727	10,130,140	115,081,845.79	115,281,906.94	933,821.35
1890.....	9,382	10,624,727	114,362,757.12	114,347,631.35	951,293.63
1891.....	10,070	11,451,274	119,122,236.50	118,843,875.71	1,005,298.19
1892.....	12,069	12,069,442	120,066,801.07	120,121,754.19	1,037,027.45
1893.....	18,434	13,309,735	127,576,433.65	127,697,381.70	1,121,207.62
1894.....	19,264	14,304,041	138,793,579.49	138,725,229.29	1,212,338.19
1895.....	19,691	22,031,120	156,709,069.77	156,159,689.26	1,292,331.97
1896.....	20,802	23,062,053	172,100,649.02	171,475,476.35	1,411,466.85
1897.....	21,062	25,169,055	174,482,676.94	174,302,783.18	1,458,258.86
1898.....	23,421	27,798,078	191,354,121.63	190,678,429.08	1,600,558.13
1899.....	26,784	29,007,870	211,213,592.84	211,458,156.83	1,718,045.49
1900.....	29,649	32,060,983	238,921,009.67	238,022,043.78	1,915,462.60
1901.....	30,529	35,586,379	274,546,067.34	273,582,258.02	2,147,215.10
1902.....	31,680	40,474,327	313,551,279.88	315,220,488.68	2,458,697.52
1903.....	34,547	45,941,681	353,627,648.03	353,173,320.52	2,801,703.64
1904.....	35,094	50,392,554	378,778,488.84	378,511,407.13	3,040,606.03
1905.....	36,832	53,379,327	396,903,433.80	396,817,107.42	3,213,390.43
1906.....	37,444	58,461,353	444,515,790.60	442,338,675.28	3,568,269.09
1907.....	37,572	62,069,783	479,650,342.64	479,236,313.43	3,811,056.95
Total.....		699,026,780	6,257,699,661.38	6,250,281,530.98	

The CHAIRMAN. For the year ending June 30, 1894, there were 19,264 money-order offices, and there were issued 14,304,041 domestic money orders. At the end of the next fiscal year there were 19,691 money-order offices, and 22,031,120 domestic orders issued; apparently, therefore, the expectation stated by the Joint Commission was realized.

Mr. LAWSHE. It appears so.

The CHAIRMAN. At the end of the last fiscal year the number of money-order offices was not quite double what it was in 1904, and the number of money orders issued was more than four times the total of 1894. Does it not seem advisable to proceed very cautiously in departing from a system which has proven so popular?

Mr. LAWSHE. Unless you make it more popular.

Mr. FAIRCHILD. Do not the rural carriers issue money orders?

Mr. LAWSHE. They issue money orders, and they would issue postal notes.

The CHAIRMAN. Have you any further suggestions to make touching the examination of the accounts and expenditures of the Post-Office Department, or the manner of keeping the same?

Mr. LAWSHE. Yes, I have; but it is quite a broad subject. Under the system as we now have it—and this will be in part a duplication of what I have already said—the Department has no definite, direct knowledge of the receipts and expenditures of a post-office until it makes request, a specific request therefor from the postmaster or the Auditor, an officer of the Treasury Department. The Auditor makes up a consolidated transcript quarterly of the receipts and expenditures of post-offices as audited. The connection between the Post-Office Department and the accounts of a postmaster is a remote and indirect one, due to the fact that the accounts of the postmaster do not come in to the Post-Office Department, are not received by it at all, but go to the Auditor. We have no means whatever of making an administrative examination of the accounts as rendered by a postmaster.

The CHAIRMAN. Are the operations of the Department affected in any way by lack of constant up-to-date information from postmasters?

Mr. LAWSHE. Yes; I think we are very seriously inconvenienced. We resort to all sorts of methods to obtain information that ought to come to us in the regular flow of business. For instance, we make a comparative estimate of the receipts or revenues of the Post-Office Department by getting a statement at the end of every month from the fifty largest post-offices of the country. These fifty offices collect about half the total revenues. This statement is a sort of barometer to us, for it shows the decrease or increase of the business at those offices as compared with the same month of the preceding year. Under normal conditions there is an increase in the postal receipts of from 9 to 10 per cent over the preceding year, and on the basis of those receipts of the fifty largest offices we determine pretty closely whether we are below, above, or just keeping pace with normal conditions.

Another source of fragmentary information is the reports from the Treasurer and Assistant Treasurers of the United States of the deposits of surplus funds of postmasters; that is, the surpluses arising at post-offices after they have paid the local expenses that they are required to pay. If we could receive the accounts of postmasters monthly—the public accountants propose that we get them three times a month—we would be able to make tabulations of receipts and expenditures of post-offices and keep in close touch with the conditions throughout the country as a whole, in a particular State, or at a particular office.

You understand the system under which we operate. The First Assistant Postmaster-General makes allowances to each postmaster authorizing the expenditure of certain sums of money for specific purposes. We can gauge in an indefinite way the amount of expenditures by the amount of this allowance, but that is not evidence that they have spent the money or need to spend it. We do not get actual results until long after the transactions occur, and I advocate, just as the accountants do, a system under which the Department would receive the accounts, give them administrative examination, and pass them on to the auditor for final audit, although they lay more stress upon the administrative audit than upon the Treasury audit. I

think the real audit should be the audit in the Treasury Department. Every other Department has that system.

The CHAIRMAN. What additional expense do you estimate would be caused if postmasters were required to send copies of their accounts to the Department, and tabulations made, without audit?

Mr. LAWSHE. That is a tentative proposition which we have considered. I should say that a mere tabulation of unaudited accounts in the form of suspense entries, to be made positive entries on the basis of final audit, could be done by fifty expert men. I would be willing to try it with that number; but I mean expert bookkeepers—men of real skill. That is purely a guess; but I would be willing to make the effort on that basis. They have in the bookkeeping division of the Auditor's office 75 clerks who are auditing postal accounts and doing bookkeeping of audited accounts, and they have 37 clerks in the collecting division reviewing postal accounts and adjusting differences. I am assuming that you meant to comprehend both the postal and money-order accounts, and that it would be entry work, not auditing work. On that basis I believe it could be done with about 50 people, perhaps fewer.

The CHAIRMAN. Have you any other suggestions to make in regard to the accounting?

Mr. LAWSHE. I believe not. My statements have been general ones.

The CHAIRMAN. What suggestions can you give us respecting the economy, justness, and correctness in the Department?

Mr. LAWSHE. I can only speak of the Bureau over which I have control. I think the expenditures of our Bureau are as economical as it is possible to make them. We have to deal with our appropriations in that way. But our expenditures are simply for the manufacture of stamps and stamped envelopes, postal cards, expenses of the agencies, and of the personnel of the Bureau. We can estimate very closely as to our needs, and we have to spend the money very economically. I have been striving for an increase for the agency at Dayton, and it has been granted by the committee in the pending bill. Just recently the postal-card agent at Rumford Falls, Me., needed help. A post-office inspector went up there and reported that the agent was greatly overworked, and I found it to be virtually true. I have managed to squeeze out \$900 to give him an assistant. That illustrates the close calculating we have to do in our Bureau in order to make both ends meet.

The CHAIRMAN. Do you know of any expenditures that are not in conformity with appropriation laws?

Mr. LAWSHE. I do not.

The CHAIRMAN. Could any consolidations be made in the interest of economy or efficient administration?

Mr. LAWSHE. Yes; I have a redemption division, the functions of which are to receive from postmasters the stamped envelopes that they are called upon to redeem, and stamps which may become damaged. This stamped paper is counted and destroyed. The work is done under close supervision. I recommended that the redemption division be merged into the stamp division. The Committee on Appropriations did not seem to take my view of it, and they are still in the bill as two divisions. If they were thrown into one division, I could make the chief of the redemption division, which

is a small division, the assistant chief of the stamp division. Nobody would lose a place, and I would have much more efficient administration. The redemption work properly belongs in the stamp division, ought to be there, and I should be very glad if it could be put there even yet, but I do not see any hope for it.

The CHAIRMAN. There would be as strict economy and practicability if the divisions were consolidated?

Mr. LAWSHE. Yes. I will tell you why: In merging forces in that way you are often able to assign a clerk from one section to another section when work demands it, and the redemption work could be distributed through the stamp division and finished up more economically than it is now done. I believe in reducing the number of divisions rather than in increasing them, because I think better results follow. I now have six divisions in my Bureau, more than any other Assistant Postmaster-General, and I am willing to confess that I have all I can supervise intelligently, and perhaps more. The policy has been to combine the financial divisions under one head. Ninety-four per cent of the revenues derived in the postal service are under the jurisdiction of the Third Assistant Postmaster-General.

Mr. FAIRCHILD. What is your opinion of the salaries paid to the principal men in the Post-Office Department? Do you think they are too high or too low?

Mr. LAWSHE. They are decidedly too low.

Mr. FAIRCHILD. Do you think that if better salaries were paid they would be able to get better men, and therefore could produce a greater degree of efficiency?

Mr. LAWSHE. Yes. I have a superintendent who has charge of the money-order system, collecting nearly \$500,000,000 a year and expending a similar amount. This superintendent is the highest paid official in my Bureau, aside from myself, and he receives \$3,500 a year. There is the superintendent of the stamp division, having supervision of the manufacture of stamps and postal cards, and their issuance to postmasters, producing the result that I have shown in this statement [indicating], and he receives \$2,750 a year.

The superintendent of the division of classification of the mails deals with all of the complications and harassing details connected with second-class mail matter and all other questions involving rates of postage.

He deals with 28,000 newspaper publishers, and I think Mr. Fairchild, as a publisher, is willing to admit that they are not easily disposed of. Then he settles all questions arising under the limit of weight of mail matter, the use of penalty envelopes, and the franking privilege, and he receives \$2,750 a year. There are more intricate details to be decided in the classification division than in any other division in my Bureau. To my notion, the responsibilities of the positions named are very much of the same weight, so that one is either overpaid or the other two underpaid, and I do not think the superintendent of the money-order division is overpaid, so I conclude that the other superintendents referred to are underpaid.

The division of registered mails is a complicated division, and the superintendent, who receives \$2,500, has charge of the entire registry service, with its ramifications and perplexities. Every postmaster registers mail matter.

The volume of business handled is enormous, and so efficiently is the service managed that the losses are small compared with the total.

In the division of finance warrants covering some \$80,000,000 of expenditures are drawn. The supervision of the postal finances is in that division, and the superintendent receives but \$2,250 a year. This is a discrimination against him not justifiable. It is a much better division than represented in the report of the public accountants. But the present incumbent is hardly responsible for the things criticised, for he is a comparatively recent appointee and is bringing about good results.

I will speak also of the chief clerk. He is a very efficient man, with long experience, and receives \$2,500. He is the acting Third Assistant Postmaster-General in my absence and has to pass upon practically the same questions that I have to pass upon. He is my right bower, and is underpaid if any one ever was.

The redemption division in my office is not a difficult division to handle, but the present incumbent receives only \$2,000. I recommended the amalgamation of the stamp and redemption divisions, and that he be placed as assistant superintendent in the other division at \$2,250, which I thought was a fair adjustment.

I recommended that all of my superintendents receive \$3,000 and also that the chief clerk receive that salary. I think the recommendation was right and proper and that it ought to have been adopted, if the public finances had justified it.

Mr. FAIRCHILD. Is it your idea that if better salaries were paid they would be an incentive for better men to enter the service than now, and thus bring about greater efficiency?

Mr. LAWSHE. Up to the time of the recent financial panic we could not get satisfactory men through civil-service channels at the regular entrance grade of \$900. The eligibles had better employment, but now it is somewhat different.

The question as to whether subordinates, clerks, are underpaid or overpaid depends upon the individual clerk. Some men come into the service and endeavor to master every detail that is brought to their attention or is placed before them. They have ambition to succeed. Such men forge ahead. They do not look at the clock and begin to put on their coats at five to ten minutes before the time, and they do not arrive five or ten minutes late. They come early and stay as late as is necessary. I have a number of such clerks, and they are undoubtedly worth more than they receive.

Then we have another class of clerks. They come in as late as possible without being censured. They have their hats and coats on when 4.30 comes and seldom see beyond the limits of their desks. They plod along and accomplish little. They growl over extra work and say that it does not belong to them, and all that sort of thing. Now, I would like to advance those who show interest in their work and forget those who do not.

Mr. FAIRCHILD. To what extent is the service hampered by political influence?

Mr. LAWSHE. Considerably, both as to business and personnel. The civil-service law presumes that there will be no influence exerted in matters of promotion or appointment. I am an advocate of the entire divorce of the Post-Office Department from politics. We shall never have the best success as a great business Department until

politics is out of it. I believe in a merit system that recognizes efficiency, but efficiency is not determined solely by an examination in which technical and hypothetical questions are answered.

The CHAIRMAN. Do you think a genuine merit system is practicable?

Mr. LAWSHE. Yes.

The CHAIRMAN. That chiefs would not make promotions through favoritism?

Mr. LAWSHE. My judgment is that that is not done very often. The chief of a division who proposes that is generally caught at it, and stands discredited before his superior officer. There is not as much of it as some people think; very little of it, but there ought to be less. The average head of a bureau will hold the superintendent of a division responsible for results which he can not secure if he is unfair. He will have to work his clerical force overtime if necessary to bring up back work. We are doing some of that right along. With me, if correspondence is not promptly answered and letters come to my desk which show that there has been delay somewhere, I make it a rule to inquire into the case and to get an explanation. That fact alone is an incentive to prompt action on the part of the clerk at the desk. That policy also discloses the inefficient clerk, the indifferent clerk. By watching the initials on correspondence, you get a pretty fair estimate of the person on that sort of work even if you do not know him, or do not often see him. You know the work better than you do the individual, and probably you can deal more justly on that account.

The CHAIRMAN. We are very much obliged to you, Mr. Lawshe.

Adjourned at 11.35 a. m.

PART III

HEARINGS

BEFORE THE

**COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT**

OF THE

HOUSE OF REPRESENTATIVES

COMMITTEE:

IRVING P. WANGER, PENNSYLVANIA, *Chairman*

MARTIN B. MADDEN, ILLINOIS

WILLIAM H. JACKSON, MARYLAND

GEORGE W. FAIRCHILD, NEW YORK

CARTER GLASS, VIRGINIA

JOHN M. MOORE, TEXAS

FRANK CLARK, FLORIDA

**WASHINGTON
GOVERNMENT PRINTING OFFICE
1908**

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1909a

HEARINGS BEFORE THE COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT.

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Thursday, May 14, 1908.

The committee met at 10.30 o'clock a. m., Hon. Irving P. Wanger (chairman) in the chair.

STATEMENT OF MR. C. M. WATERS, SUPERINTENDENT DIVISION OF SALARIES AND ALLOWANCES, POST-OFFICE DEPARTMENT— Continued.

The CHAIRMAN. Have you a list of the canceling machines that are in use in the postal service?

Mr. WATERS. Yes, sir.

The CHAIRMAN. Will you read it?

Mr. WATERS. There are three styles supplied by the International Postal Supply Company, of New York, known, respectively, as the Hey-Dolphin "Flier," model "S" electric, and model "L" hand power. There are 259 "Fliers" at a rental of \$400 a year each; 72 model "S," at \$150 a year each (this machine is built along the lines of the "Flier," but much lighter and only about one-half the capacity), and 183 model "L" hand-power machines, at \$90 per annum each.

The American Postal Machines Company, Boston, Mass., has in the service what is called "Combination" either drop feed or automatic feed, 385 at \$150 per annum each; 286 drop-feed machines, at \$100 per annum each; 215 hand power, at \$80 per annum each.

Columbia Postal Supply Company, of Silver Creek, N. Y., 68 machines, at \$150 a year each.

The Barry Postal Supply Company, of Oswego, N. Y., 62 at \$150 a year each.

The Time Marking Company, of Chicago, 10 at \$300 a year each. This is a new machine; we had none under contract at the time the committee of 1904 reported. This machine includes the furnishing of a motor. There is no other machine that we have that includes a motor.

That is a full list, except about 350 machines which are owned by the Government, and this number is continually diminishing by reason of wear and tear.

The CHAIRMAN. Have there been any machines purchased by the Government since 1904?

Mr. WATERS. No, sir.

The CHAIRMAN. You were chairman of the committee appointed by the Postmaster-General to report in regard to canceling machines!

Mr. WATERS. Yes, sir.

The CHAIRMAN. Your colleagues were N. C. Fosnes and Paul Williams?

Mr. WATERS. Yes, sir.

The CHAIRMAN. Are they still in the service of the Government?

Mr. WATERS. Paul Williams is not; he was then inspector in charge at Chattanooga. Mr. Fosnes is now inspector in charge at St. Paul, Minn. He is the man who was director of the posts in Cuba. At that time all of these machines were under contract, and those who thought they had a machine were allowed to bring them here to Washington, and each machine was tested in the presence of the committee. The result was that some of them were discarded altogether and others were improved upon.

The CHAIRMAN. In your report, House Document No. 573, Fifty-eighth Congress, second session, you say, on page 3, in the third paragraph:

The test in the local post-office, necessarily brief, illustrated to us the mechanism and individual workings of the various machines, but can not be accepted as final in regard to relative merit. To appraise correctly the value of machines and their adaptation to the different conditions of the service requires investigation in post-offices where machines have been in use and their actual working qualities demonstrated by sufficient normal experience.

Have investigations been made in post-offices since that report was made?

Mr. WATERS. There was no special investigation of canceling machines, but really I do not know that this would be necessary, because a machine must do its work or we hear from it immediately, and the machine companies are required to keep those machines in perfect running order in order to get the rental. If the service, on account of its growth, requires a machine of greater capacity, of course we have those machines, but it is only after careful investigation that a higher capacity machine is furnished to a post-office.

The CHAIRMAN. What machines are used in the Washington post-office?

Mr. WATERS. They have machines of the highest grade, the Hey-Dolphin "Flier."

The CHAIRMAN. Any others?

Mr. WATERS. I think they have one of those "Combinations," American; that is of less speed, you know, but it is a substantial machine. Where the "Flier" would not be needed at all, the other one fills the bill. We did have a Columbia in there, which was used exclusively for back stamping, but it was necessary to replace that with the Hey-Dolphin "Flier." The "Flier" is a machine that is almost perfect. It not only postmarks and cancels the stamps, but it records each piece as it passes through, so we have an automatic record of the number of pieces of mail passing through it. That is of great use in getting up the information necessary to report those things as required. It will handle very nicely about 40,000 letters an hour.

The CHAIRMAN. In your report you assume the average life of the canceling machine to be three years?

Mr. WATERS. Yes, sir.

The CHAIRMAN. Is that your present judgment?

Mr. WATERS. Yes, sir; I think so, judging from the machines that the Government uses and has to keep in repair. The Government is at no expense for the machines under rental, such as wearing of parts or type, except where through carelessness a type may be lost, then we must pay for the new type; but the machine is kept in perfect running order at all times, and if a machine gets in such a condition that the new wearing parts do not quite fit on account of looseness, the whole machine is returned and a new one put in its place. In that way the service is kept up, and you can see that a machine of the capacity of the Hey-Dolphin "Flier," with the decided action necessary, for instance, a letter passing through it, in order to place the postmark at a certain point, whether the letter is long or short, it requires decided mechanism, and the letter stops for the time being at a certain point, so that when you are running through 40,000 per hour the wear and tear on a machine is considerable.

The CHAIRMAN. That is the estimated capacity of the Hey-Dolphin "Flier?"

Mr. WATERS. Yes; about 40,000, although it could be speeded up to 60,000, but it is not practical to use it at that high speed. That would be a thousand letters a minute, which is going pretty fast.

The CHAIRMAN. What canceling machines are used in the New York City post-office?

Mr. WATERS. The Hey-Dolphin altogether in the main office and the large stations. There are some small stations that do not need that high-grade machine. We try to fit the service with the proper machines.

The CHAIRMAN. In what office are the Time-Marking Machine Company's machines?

Mr. WATERS. There are one or two in Chicago; one at Elgin, Ill.; one at Cedar Rapids, Iowa; one at Pittsburg, Pa. I can not recall the other offices, but they are located, owing to the small number of machines in the service under contract, as close around the factory as we could get them in order to avoid the expense of travel for the owners. Those being new machines the company is required to keep them in order, and they wanted to be able to reach them without too great an expense, so we watched our opportunity when a machine was really needed.

The CHAIRMAN. What is its capacity?

Mr. WATERS. It is very close to the Hey-Dolphin, but it is of different mechanism. Of course all these machines are covered by patents, and necessarily that means different construction. They are very anxious to get business, while the Hey-Dolphin is established, and the capacity is very close; that is, when the machine is in perfect running order. They had some little difficulty in perfecting the machine, as is the case in all those things. I think one year we made a contract with them for 25 machines, but they were never able to get any of those machines into the service under that contract for the reason that little things came up which we would not accept—defects and irregularities—and the result was it was not until last year that we put in six machines to start with.

The CHAIRMAN. That is the Time Marking Machine Company's machine?

Mr. WATERS. That is the Time Marking Machine Company's machines, of Chicago; yes, sir.

The CHAIRMAN. How long since the first of these 10 was installed?

Mr. WATERS. I think beginning last July. I am not really certain as to that. We may have had some in the service the year before. The contract for 25 was never complied with on their part, but still there may have been one or two in use under that contract; that was all.

The CHAIRMAN. Would it not be a good plan if assistant superintendents or inspectors investigated the operation of the different machines in the different post-offices where they are used?

Mr. WATERS. I do not believe much would be gained by it. They would have less knowledge, really, of the machine itself, unless they were mechanics, which I do not believe they are. I can not see, from my standpoint, where much would be gained by personal inspection. We did have such inspection, irregularly, perhaps before I was placed in charge of this division. There were certain clerks who were connected with different large post-offices who were trained to have a knowledge of the canceling machines, and they were allowed to travel, but that was thought to be irregular, and it was stopped. They were paid from the rolls of the post-office to which they were attached, and had certain districts in which they looked after the machines and made reports to the Department, but I do not believe that we got any real benefit from it, because when a machine is installed in an office the company sends its own representative to give full instructions to at least two in the office, who will fairly understand and can take the machine apart and reassemble it and know what is wrong with it when it does not work just right, and those clerks are made responsible for the condition of the machine. As to the necessity for a machine, the Department is in a pretty good position to understand whether a machine of the capacity requested is needed in an office on account of the gross receipts. The gross receipts must govern in a great many things in the service.

The CHAIRMAN. But these assistant superintendents and inspectors could conduct tests in order to ascertain what speeds were made in different offices by different clerks, could they not?

Mr. WATERS. Yes; they could do that, but it is not speed always that counts; it is speed that counts in some offices. For instance, the mail—I do not know but what it is general—mail nearly all comes in after people are finishing up their business for the day; it piles up in great quantities, and for several hours machines are taxed to the utmost. I do not think we have increased the number of Hey-Dolphin "Fliers" for several years, except perhaps occasionally one machine. There are now two hundred and fifty-odd in the whole service.

The CHAIRMAN. In February, 1904, there were 250 Hey-Dolphin "Fliers" in use.

Mr. WATERS. I think we have 253 now; is that not it?

The CHAIRMAN. Two hundred and fifty-nine; an increase of nine in five years.

Mr. WATERS. The reason, really, for the small increase for the high-grade machines in the last year or so was that the larger offices were in some cases authorized to discontinue the back stamping of mail coming in, simply as an experiment to ascertain, if possible, whether it was worth the time and labor and other things necessary to back stamp, and those offices are yet allowed to leave out the back

stamping. It makes quite a difference. It started in Chicago, for instance, and it was stated that about 40 per cent of the letters coming in there had not been back stamped for years, because of the fact that they were made up by the railway postal clerks on the terminal lines for city delivery, and were passed right on to the carrier, according to the label, without being redistributed in the post-office.

The CHAIRMAN. The efficiency of a machine to the Government is not what it does on an experimental test, but what it really does in actual use?

Mr. WATERS. Yes, sir; and you can see that a postmaster will insist on his machine doing its work properly.

The CHAIRMAN. Yes; but the standard of one postmaster may vary greatly from the standard of another postmaster.

Mr. WATERS. Oh, yes; and the postmaster does not always get what he requests in the way of a canceling machine. If he did, he would have about 800 "Fliers" in the service instead of two hundred and fifty odd.

The CHAIRMAN. I have not any doubt about that, but I would suppose one investigator going around, or several, taking reports of actual tests made in the offices, would give better statistics to the Department as to speed and operation under ordinary conditions than otherwise would be obtained.

Mr. WATERS. I expect so, if that were absolutely necessary; I do not think it is.

The CHAIRMAN. Would it not be a good plan to have postmasters keep records of the number of times the canceling machines get out of order and the supposed cost of their failure to perform properly?

Mr. WATERS. I think it would be a waste of time, judging alone from our records, which, as now kept, would show in every case.

The CHAIRMAN. There are a considerable number of persons, and the debates would seem to indicate that there are some Members of Congress who are of the opinion that the Government is paying entirely too high a rental for these machines.

Mr. WATERS. Yes.

The CHAIRMAN. And they advocate Government ownership of the machines.

Mr. WATERS. That is all right enough; I think you will find we recommended this in that report, but how are you going to buy a thing if a man will not sell it?

The CHAIRMAN. Is it wise to adopt the policy without knowing what you are doing?

Mr. WATERS. Well, I do not exactly understand that question.

The CHAIRMAN. Ought we not to know something about the frequency with which the Hey-Dolphin "Flier," for instance, requires repairs?

Mr. WATERS. That we could not buy for love nor money.

The CHAIRMAN. That may be, but we might ascertain with reasonable certainty whether the rental paid the company was fair or whether it was unreasonably large.

Mr. WATERS. I do not think that could be done to the satisfaction of everyone.

The CHAIRMAN. It might not be done to the satisfaction of everyone, but we might get a great deal of light on the subject.

Mr. WATERS. Well, I think there is one circumstance that would throw considerable light on it. When the machines were taken entirely out of the New York office, compare that with the expense to the service in keeping up the service without those machines. When the rental was \$600 a year, and they get \$500 a year for those same machines now in Canada, we have tried in every way that was consistent to get them to reduce the rental on their high-grade machine, but they know they have the best machine—I would not want to have that in the nature of an official advertisement—but they know, and we know, that they have the best machine in the service, and they say it cost us more than \$100,000 to perfect this machine in the first place.

We have to keep up our factory, keep our men employed to a certain extent, maintain their factory, and it all costs lots of money, and that is the argument they make, and they say they would not reduce the rental on that machine, and, I think, purely from a business standpoint that they are right. Four hundred dollars a year is one-half the pay of the average clerk, and you take one of those machines and it would take a dozen clerks and additional floor space and everything else in order to postmark the mail and get it out of the way; you can see that.

The CHAIRMAN. As compared with hand stamping, there is undoubtedly very great economy.

Mr. WATERS. Take the rental of all these machines; for instance, there is a contract that requires them to furnish a hand machine; it is a machine—it is not a plaything at all. We require it to give perfect service as far as it will go, and some of them are really good machines. We have two different makes under rental; one by the American Company at \$80 a year, and they have to keep that machine in perfect condition, just the same as they would an electric machine; we also have a Hey-Dolphin at \$90. They are good machines, and they are kept in perfect order. We never have any complaints until the office may grow so that the machine is not of sufficient capacity, and then we have always a place for those machines. We have offices with \$2,500 salary for the postmaster that have never had a canceling machine.

I presume it is their fault; they have never made any request for a canceling machine. On the other hand, we have offices of \$12,000 gross receipts, which we have fixed as a minimum. We do not allow a canceling machine of any kind to an office with less than \$12,000 gross receipts, although we have many requests, even from third-class offices, for canceling machines.

The post-card business, you know of your own knowledge, has become quite an item in the service, and a machine that will handle those cards without skipping, place postmarks in the proper place on the card, has got to have a perfect separating device, as we call it. Speaking of the patents, the Hay-Dolphin has a patent on the separating device. It is a reversible roll running slowly on this side, while the feed roll runs faster on that side, all made of rubber, all in motion, and it prevents two letters passing through at the same time. No other machine has that; no other machine can use it, because it has been covered by a patent, although other machines have very good devices, and they accomplish the same thing, but I think they all acknowledge that that is the device that they would like to

use. The Columbia machine has a combination which really is remarkable in its separation.

The CHAIRMAN. There would be very little labor entailed on a postmaster, would there not, in keeping a record of the repairs necessary to canceling machines?

Mr. WATERS. I do not think so. We could ask that, if necessary; they are obliged to make their requests for anything that is needed in the canceling-machine line through our office. They do not make it direct on the company.

The CHAIRMAN. Then the ascertainment of the efficiency of the several post-offices in operating canceling machines might be a good thing from the administrative standpoint, might it not?

Mr. WATERS. Yes, sir.

The CHAIRMAN. On page 8 of your report you stated:

As at present advised, it is the impression of your committee that the Government should not purchase canceling machines.

Mr. WATERS. Yes, sir. That was considering what was possible in the purchase of machines. The machines that we would purchase we could not purchase. My idea was—I do not know that it is stated there—that if we could get a first-class machine and the Government own the patents—I do not mean buy the machine and let somebody else own the patents, furnish the parts at their price when they are needed. I do not think that would be good business at all, but if we could own the patents outright—

The CHAIRMAN. What illustrations can you give of the cost to which the Government is put to get parts at times?

Mr. WATERS. We do not have to furnish the parts; they furnish the parts, we do not furnish them at all, so I do not know anything about the cost. The only thing I have along that line is a test of a machine which we made a short time ago here, a Cleveland, Ohio, machine, which we found was manufactured in a foreign country. The company which brought it here was in the manufacturing business and thought it would like to add the manufacture of canceling machines to its business. They brought a machine here which was entirely different from any machine we had in one respect, in that it made no pretension of placing the postmark where it should be; it was a "continual performance," as we called it, the canceling bars for the cancellation, postmark, canceling bars, and postmark. On a long envelope we would get three postmarks and bars between the postmarks, interfering with the return request on the envelope. At the same time such a machine can be manufactured by any of our companies, but we never would accept it on account of the interference with return requests. We have insisted that a postmark be placed in a certain place, and all machines do that, so it was a question as to whether the Department would consider the question of a change in location of the request to return.

If it would, I think we could purchase machines; in fact, I took occasion not only to get their figures, but also from another company. As the machine was on test for some time, naturally the mail going out was postmarked in that way, and it happened one of these letters went to another machine company and they noticed it at once—that continuous cancellation and postmark—and the Columbia Machine Company wrote in and said they did not understand that the

Department would use such a machine; that they had perfected such a machine years ago, and that they could produce one in very short order if it was wanted.

The CHAIRMAN. At what price do you understand that machine could be purchased?

Mr. WATERS. I have the figures here. This machine was brought here by the National-Acme Manufacturing Company, of Cleveland, Ohio. They say about this machine that it is used extensively by the following foreign Governments: England, France, Germany, Austria, Hungary, Norway, Sweden, Holland, Denmark, Russia, Algiers, China, Siam, and Japan. They had also a hand-power machine on the same principle.

They wanted for the hand-power machines \$475 each. We rent them now at \$80 a year, and, as stated there, to the best of our knowledge the life of a machine is about three years. That was in quantities of 25; for 50 they would want \$450 each; for 100 they would want \$375. For the electric-power machine they wanted \$800 each for 10; 25 at the rate of \$775; 50 at the rate of \$700, delivered on board cars at Cleveland, Ohio. Then we wrote them to get them on record as to the cost of the parts.

The CHAIRMAN. What seems to be the maximum speed of the electric machine?

Mr. WATERS. The maximum?

The CHAIRMAN. Yes.

Mr. WATERS. Well, take this machine. I saw it run—not this machine, but another one I will tell you about in a moment—perhaps I had better continue right on this?

The CHAIRMAN. Yes.

Mr. WATERS. Those were the figures we got, and we also got the price of the different parts, provided we purchased the machine and had to supply the parts, which we do not do in the case of the rented machines. Then the Columbia people wrote in and told us that they had such a machine. We carried on a correspondence, and they brought their machine down here and placed it in service in the Washington post-office. It did just as good work, if not better, and it had a mechanism for increasing or lowering the speed of the machine by friction, an upright disk with the shaft running here, with the friction wheel on there [indicating]. Of course, the further you put it from the center the higher speed you get, or you could accordingly reduce it. I saw it run at the rate of 1,100 per minute, which was about 66,000 per hour, and that is higher than is necessary, but it handled the work perfectly.

Mr. FAIRCHILD. What was that?

Mr. WATERS. The Columbia, made at Silver Creek, N. Y. I went down personally to see it operate, and they were able to produce a machine with fewer parts, and at my suggestion they lightened up the patterns, because the Government now has to pay the freight on those things instead of sending them by registered mail, as they used to, so that the freight was quite an item, and they reduced the machine by 70 and 80 pounds, and as against those figures that I gave you for the other machine, they would furnish their machine at \$490.

The CHAIRMAN. Ought not a simple machine like that have a considerably longer life?

Mr. WATERS. I think so; but this was the same style of machine, you understand, with the continuous postmark, which is objected to, and we have turned down other machines just for that reason. To show you that we do not let those things pass by carelessly, I noticed a letter coming to me with a return request printed in the lower left-hand corner instead of the upper left-hand corner. I sent that envelope to the postmaster at Dayton, Ohio, and asked him to interview the contractors who make the stamped envelopes, to find out whether a transfer of the return request from the upper to the lower corner would affect their machinery, or whether it would be any expense, and, just as I supposed, it would mean a considerable expense for them to change the position of that return request. I had in mind that it was perhaps possible that the Department would print their return request below if it was considered to be advisable.

The CHAIRMAN. Are these machines sure to hit the postage stamp?

Mr. WATERS. Oh, yes; as far as that is concerned, it hits everything.

The CHAIRMAN. It goes clear across the envelope?

Mr. WATERS. I have seen envelopes so short that we might get a canceling bar and no postmark on the letter at all; then, again, an envelope that is long would get at least three postmarks, with the space between them filled in with canceling bars, which is objectionable. I do not understand that it would be permitted at all by the Department.

The CHAIRMAN. Have you something to say referring to the question of an instance of what the Department has been asked to pay for parts?

Mr. WATERS. The Doremus machine is the only machine which has been purchased by the Government. It is a small hand machine, intended for the smaller offices. I think those machines were purchased at the rate of about \$275 each, making it necessary for all parts to be furnished and paid for by the Department. I noticed that the die was of such a construction as to make it necessary to have a new die each year, and that it was of soft material. They said they could not case-harden it because it would fall to pieces, and it had to be made in three parts. I did not believe it.

I took it up with the agent of the American Postal Company—I think that is the right name—of Boston, and told him to look it over carefully and see if he was permitted to manufacture those dies, the Doremus machine being patented. He looked it over and said yes, they would take the risk. I said, “Give me the best figures you can on the new dies for the coming year, to be made of solid steel in one piece.” I got a price of \$3 as against \$5 that we had been paying. I had those dies made for that year, and the following year we called them in to suit the postmasters. They could send them in just before the close of the year, or just after the beginning of the year as they could best spare the machines, as they would have to do without the use of them for the time being. I sent those dies to the man who makes the hand stamps, who plugged the year, at a cost of 50 cents each. That gave us practically a new die for the year at a cost of 50 cents as against \$5. The following year he wrote me and said: “Send me one of those dies and I think I can show you a trick.”

He sent back the die with the year changed at a cost of 7 cents. So that is the way we are supplying the dies now. It shows how they will hold you up on the cost of those parts unless you have the thing in your own hands. Consequently I think if the purchase were made, if the Government could possibly secure a first-class machine it might be to their advantage to own machines outright and cause them to be manufactured under contract, with stated prices for the parts. I was a mechanic myself up to the time I went in the postal service, at the age of 35. In fact, all my life I had been a mechanic up to that time; I had been around machinery a great deal, so it serves me well sometimes.

The CHAIRMAN. What is your judgment about the wisdom of having the rental contracts to be for but one year?

Mr. WATERS. It is possible that we might get better figures. These rental prices I gave you here are the lowest. You will notice, if you go back year by year, that the rental price paid was more, but I think we have had in mind all the time the idea of getting up competition. When we get competition we can get better prices. The \$100 machine from the American company used to be \$110, and was for years; we have a great many of those machines. The \$80 machine was \$90, and when the Hey-Dolphin got their hand machine ready it was \$100 the first year, but we cut them down to \$90; we watch those things pretty closely and try to take all advantage of conditions and get better prices.

The CHAIRMAN. That is all this morning.

(Thereupon at 11.30 o'clock a. m. the committee adjourned.)

PART IV

HEARINGS

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT

OF THE

HOUSE OF REPRESENTATIVES

COMMITTEE

IRVING P. WANGER, CHAIRMAN

**MARTIN B. MADDEN
WILLIAM H. JACKSON
GEORGE W. FAIRCHILD**

**CARTER GLASS
JOHN M. MOORE
FRANK CLARK**

WASHINGTON

GOVERNMENT PRINTING OFFICE

1909

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1909a

HEARING BEFORE THE COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT.

COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT, *House of Representatives, January 6, 1909.*

The committee met this day at 10.30 a. m., Hon. Irving P. Wanger (chairman) presiding.

STATEMENT OF MR. O. H. BRIGGS, CHIEF CLERK, PURCHASING AGENT'S OFFICE, POST-OFFICE DEPARTMENT.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You are acting purchasing agent of the Post-Office Department?

Mr. BRIGGS. Yes, sir, at the present time.

The CHAIRMAN. And have been since when?

Mr. BRIGGS. Since the 13th of December last.

The CHAIRMAN. Mr. Cochran was until that time?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. He was then detailed to what duty?

Mr. BRIGGS. Post-office inspector in charge at Denver, Colo.

The CHAIRMAN. And where is he now?

Mr. BRIGGS. In Denver.

The CHAIRMAN. Do you know when he went there—when he left Washington?

Mr. BRIGGS. It was Thursday, December 17, 1908.

The CHAIRMAN. What position had you held while he was acting as purchasing agent?

Mr. BRIGGS. While he was purchasing agent I was chief clerk of the office.

The CHAIRMAN. Are you familiar with the list of exigency purchases which has been furnished to the committee by the Postmaster-General?

Mr. BRIGGS. Fairly well, sir. It was prepared under my direction.

The CHAIRMAN. What is the explanation of the item, "February 27, Order No. B-4789, desk trays," as an exigency purchase?

Mr. BRIGGS. Desk trays have never been under a formal contract with the department. We have no contract covering them. There are but few of them purchased, and bidding blanks are usually sent out to the dealers or manufacturers from time to time as the trays are called for.

The CHAIRMAN. For what purpose are the car tickets purchased, March 2, B-4860, \$25; April 1, B-5292, \$150?

Mr. BRIGGS. They are purchased from time to time upon requisitions made by the chief clerk of the department. He has charge of

them and issues them to the various offices as required. They are used by the employees while traveling on official business throughout the city.

The CHAIRMAN. Are they street-car tickets?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. What kind of employees use them?

Mr. BRIGGS. I do not know that it is restricted to any particular class; usually the officials, however. Frequently they are used by the messengers when they are called upon for some urgent purpose. I mean by that, when haste is required.

The CHAIRMAN. Is any account kept by anybody of the distribution of them?

Mr. BRIGGS. If so, it is kept in the chief clerk's office. They are distributed, as I understand it, by the heads of the offices or the chief clerks at their discretion. But of course it is understood that their use is entirely for official business.

The CHAIRMAN. Under date of March 4, order No. B-4904, for Boston Herald, \$2; March 9, B-5003, Ayer's Newspaper Directory, \$5.50; March 19, order No. B-5152, World's Work, 1908 (March), 25 cents; July 14, A-25, New York Maritime Register, \$35; July 14, A-26, Railroad Gazette, \$5; July 14, A-27, Journal of Commerce and Commercial Bulletin, \$12.50; July 14, A-29, daily newspapers, \$117.65; July 27, A-106, Financial Record, \$5—is that a journal?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN (continuing). Financial Record, \$5; August 4, A-170, paper—ledger and journal, \$43.50—are these newspaper publications, or are they account books?

Mr. BRIGGS. I think not; no, sir; they are account books.

The CHAIRMAN (continuing). September 25, A-381, Advertisers' Magazine, 80 cents; October 13, A-510, newspaper subscription, \$1.50. What is the occasion for all these subscriptions?

Mr. BRIGGS. It has been customary in the Postmaster-General's office, ever since I have known anything about it, for certain periodicals and daily newspapers to be requisitioned for and purchased. The Maritime Register, to which you referred there, is used in the office of the Second Assistant Postmaster-General in connection with the use of foreign mails. I am unable to give you any further explanation as to their use.

The CHAIRMAN. Do you know how many newspapers are included in the item of July 14, "Daily newspapers, \$117.65?"

Mr. BRIGGS. I will state that it is the practice on the first of every fiscal year for a list of such papers as are desired by the department on yearly subscription to be furnished to the purchasing agent, and they are procured, usually from one dealer here in Washington. The Washington News Company is at the present time, I think, supplying these. The other newspapers and periodicals that you have made reference to have been requested from time to time as their needs have become apparent.

The CHAIRMAN. The item of March 12, order No. B-5049, blueprint paper, \$60.50; June 29, S-1869, blueprint paper, \$54; August 15, S-1021, blueprint paper, \$55; October 21, S-2010, blueprint paper, \$54; December 3, S-2552, blueprint paper, \$72.50. Why were those made as exigency purchases?

Mr. BRIGGS. The recommendation of the committee of award appointed by the Postmaster-General, I believe, was made upon a slight misunderstanding between the committee and the topographer who uses these supplies in this way: It is customary for the committee recommending the awards to consult the topographer regarding the particular class of supplies which he uses, as he is the best judge of such supplies of anyone connected with the Post-Office Department; and owing, as I said before, to a slight misunderstanding as to the information which the committee received from him, this particular award was made. The blueprint paper which was placed under contract was not of a character that was satisfactory at all to the topographer, who is very particular regarding such matters, and upon his subsequent statement that the contract paper would not answer his purpose at all and would not be satisfactory, blueprint paper such as he required and desired was purchased in the open market.

The CHAIRMAN. What was the difference between the blueprint paper which had been contracted for and that which was purchased as exigency purchases?

Mr. BRIGGS. The blueprint paper upon which the contract was made was for 36 inches wide, 10 yards to the roll, thick, 32 cents per roll; 42 inches wide, 10 yards to the roll, thick, 38 cents per roll; 36 inches wide, 50 yards to the roll, thick, \$1.60 per roll; and 42 inches wide, 50 yards to the roll, thick, \$1.90 per roll.

The prices paid for the exigency paper were as follows:

	Per roll.
Blueprint paper, 36 inches wide, 50 yards to the roll, medium.....	\$3. 50
Blueprint paper, 42 inches wide, 50 yards to the roll, medium.....	4. 00
Blueprint paper, 36 inches wide, 50 yards to the roll, thick.....	3. 75
Blueprint paper, 42 inches wide, 50 yards to the roll, thick.....	4. 25

The CHAIRMAN. Under what sort of competition were these exigency purchases of blueprint paper made?

Mr. BRIGGS. I do not quite understand.

The CHAIRMAN. In what way were these purchases of blueprint paper made?

Mr. BRIGGS. They were made on requests for a quotation for a particular kind of paper which the topographer desired, and which he said was the most satisfactory that he had used in all his experience.

The CHAIRMAN. Quotations were received from how many different persons?

Mr. BRIGGS. I do not know that quotations were received from any, except one party.

The CHAIRMAN. Was there but one party who furnished this particular kind; who was capable of furnishing it, I mean?

Mr. BRIGGS. Yes, sir; paper of the character that the topographer desired. And in this connection I will state that the party from whom these exigency purchases were made was one of the original bidders in the annual bids in competition with the party who obtained the contract.

The CHAIRMAN. What difference, if any, was there between the bid which the party made at the time of the general bidding and the price at which he furnished the blueprint paper to the department?

Mr. BRIGGS. Twenty-five cents per roll advance on the exigency purchases.

The CHAIRMAN. March 12, Order B-5054, stencil paper, etc., \$37.65. Was there not a contract for stencil paper?

Mr. BRIGGS. No. That is a mimeograph supply, and was purchased from the only agent that there is in town.

The CHAIRMAN. Is there no competition?

Mr. BRIGGS. No, sir; there is none.

The CHAIRMAN. And no other persons capable of furnishing the article?

Mr. BRIGGS. Not to my knowledge.

The CHAIRMAN. It is of one particular kind only?

Mr. BRIGGS. I do not know of any other.

The CHAIRMAN. March 13, order No. B-5060, fountain pen, \$6; August 25, A-233, fountain pen, \$8. Are not they rather expensive fountain pens?

Mr. BRIGGS. I do not know that they are. It depends considerably upon the quality of the pen, the style, finish, etc. The prices vary, of course, as regards the finish.

The CHAIRMAN. For whom were these pens purchased?

Mr. BRIGGS. Order No. A-233, that you referred to, was purchased for the chief clerk of the First Assistant Postmaster-General. I will state in this connection that it is customary in the department to allow fountain pens for officials and chief clerks, and whenever the pens are desired they indicate the kind of a pen they want; for instance, whether they desire a Waterman, or a Sterling, or a Flash, and the agent for the kinds of pens required is requested to call with an assortment on the party desiring them, and he makes a selection of the particular kind of a pen which is most satisfactory.

The CHAIRMAN. Who got the other fountain pen?

Mr. BRIGGS. I am unable to tell you. I have not the data here.

The CHAIRMAN. Please describe the kind of pens that were furnished under these orders.

Mr. BRIGGS. Order No. B-5060 called for a Sterling pen; order No. A-233 called for a Waterman pen.

The CHAIRMAN. Item, July 13, order A-87, Flash, \$1.10. Does that mean a fountain pen?

Mr. BRIGGS. I am not certain. I am inclined to think, however, it does.

The CHAIRMAN. Item, April 6, order No. B-5569, postmaster account books, \$675; April 6, order B-8770, postmaster account books, \$13.50; April 13, order No. 5819, postmaster accounts books, \$375; July 10, order S-331, postmaster account and record books, \$510; July 10, order S-332, postmaster account and record books, \$1,125; July 10, order S-333, postmaster account and record books, \$4,050. Were there not contracts let for books of that character?

Mr. BRIGGS. There were not.

The CHAIRMAN. Was it unusual to purchase these account books?

Mr. BRIGGS. No, sir. They have been purchased in this manner from the party who has the copyright on them for five years at least; probably longer than that.

The CHAIRMAN. Are they regarded as superior to other account books?

Mr. BRIGGS. I think so.

The CHAIRMAN. And, being copyrighted, the owner of the copyright has a monopoly?

Mr. BRIGGS. Yes, sir. I do not think that they have been purchased so much from the fact that they are copyrighted as on account of their convenience and their entirely satisfactory character as passed upon by experts in the Post-Office Department.

The CHAIRMAN. They were adopted how long ago?

Mr. BRIGGS. I am unable to tell that, but to my knowledge they have been in use for more than five years, or at least for five years, and no other kind of account books has been used in post-offices during that time.

The CHAIRMAN. Do you know what the difference is in cost between these books and other books of like quality of paper and size?

Mr. BRIGGS. I do not know that I am capable of stating that. However, the price has not been considered at all excessive. The book was copyrighted by an old postmaster, and this, I think, at the present time constitutes about his only source of income.

The CHAIRMAN. Who is he?

Mr. BRIGGS. Charles W. Miller.

The CHAIRMAN. Where does he live?

Mr. BRIGGS. In Washington.

The CHAIRMAN. Is he in the postal service at this time?

Mr. BRIGGS. No, sir; he is not. I can give you the individual prices of those books if you wish.

The CHAIRMAN. Suppose you do.

Mr. BRIGGS. Account books for offices of the fourth class, not less than 5,000 at one order, 27 cents each; account books for postmasters at presidential offices not having city delivery, not less than 4,000 at one order, 34½ cents each; on orders for less than 4,000 at one time, 37½ cents each. Account books for presidential postmasters having city delivery, 97 cents each.

The CHAIRMAN. It will be entirely practicable to submit samples of those to the committee, will it?

Mr. BRIGGS. Oh, certainly. Do you desire them?

The CHAIRMAN. Oh, yes. We would like to have them.

April 8, order B-5647, pamphlets, postal information, \$2,685. What are those pamphlets?

Mr. BRIGGS. Here is a copy [submitting specimen] of one of those pamphlets. They are used for general distribution to the public for its information on postal affairs. They are provided for in a paragraph of an act making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1909, and for other purposes, as follows:

For blanks, books, and printed matter of urgent or special character, including the preparation, publication, and free distribution by postmasters to the public of a pamphlet containing general postal information; intaglio seals, and other miscellaneous items of immediate necessity for the registry system, five thousand dollars.

The CHAIRMAN. How was the contract for printing these pamphlets let?

Mr. BRIGGS. It was let by sending out circular letters from the office of the purchasing agent to the printers and publishers generally; I might say to all the large printing establishments, including the Public Printer, that we were able to obtain the names of.

The CHAIRMAN. And was the contract given to the lowest bidder?

Mr. BRIGGS. It was.

The CHAIRMAN. What was the bid?

Mr. BRIGGS. The bid was for 750,000 books of 40 pages, \$3,320; for additional 4 pages, \$340; additional 8 pages, \$624; delivery to be made in thirty days. There were fifteen bids received.

The CHAIRMAN. And what was the bid of the Public Printer?

Mr. BRIGGS. The Public Printer submitted no bid.

The CHAIRMAN. April 18, order 5915, postage stamps, \$187.50. What was the occasion for that purchase?

Mr. BRIGGS. There is an appropriation of \$750 provided for the purchase of postage stamps for international correspondence. The appropriation reads as follows:

For postage stamps for correspondence addressed abroad, which is not exempt from postage under article 8 of the Paris convention of the Universal Postal Union, seven hundred and fifty dollars.

The CHAIRMAN. May 13, order No. B-6354, wrapping paper, \$1,432.50. Was not wrapping paper contracted for?

Mr. BRIGGS. There was not an award for wrapping paper of the particular kind that is mentioned there. The item was advertised for in the general specifications under No. 63, which reads as follows:

Wrapping paper 26 by 40 inches in size, sheets to be flat and put up in bundles of two reams each, wrapped and securely tied and crated on both sides. The paper must weigh 57 pounds per ream of 500 sheets. It must have a smooth and even finish, be free from imperfections, suitable for printing or wrapping, and test not less than 35 points in tensile strength, as tested by the Mullen paper tester.

On this particular item only one bid was received. The bid made was \$2.10 per ream, but from the fact that the samples of the paper submitted with this bid showed a tensile strength of from only 20 to 26 points, instead of 35 as called for in the specifications, no award was made.

The CHAIRMAN. What was the unit price for the wrapping paper purchased?

Mr. BRIGGS. One dollar and ninety-one cents.

The CHAIRMAN. It was less, then, than the amount that had been bidden for the inferior quality?

Mr. BRIGGS. It was.

The CHAIRMAN. Did what you bought have the tensile strength required?

Mr. BRIGGS. It did not.

The CHAIRMAN. Was it the equal of the article that had been offered at the general bidding?

Mr. BRIGGS. About the same. I will state in this connection that while the order was drawn for 750 reams of this particular kind of paper at \$1.91 a ream, the paper received tested only an average of 22 points, and consequently a deduction of 10 per cent was made in the price as ordered.

The CHAIRMAN. July 13, order A-23, press clippings, subscription, \$180. Are those clippings from the same newspapers which are supplied to the departments?

Mr. BRIGGS. Those clippings are from all the newspapers of the country, particularly the eastern and northern sections.

The CHAIRMAN. Including those that are subscribed for as well as others?

Mr. BRIGGS. I presume so. They are paid for at \$15 per month, regardless of the number of clippings that are furnished.

The CHAIRMAN. Are they secured from one agency or more than one?

Mr. BRIGGS. Yes.

The CHAIRMAN. What agency is it?

Mr. BRIGGS. Luce's Press Clipping Bureau.

The CHAIRMAN. August 25, order A-222, paper fasteners, \$34.80, and August 31, order A-276, paper fasteners, \$2.20. Were they not contracted for?

Mr. BRIGGS. We have paper fasteners under contract, but those particular fasteners are not of the kind we have under contract.

The CHAIRMAN. Envelopes are under general contract, are they not?

Mr. BRIGGS. They are; yes, sir.

The CHAIRMAN. Why was it necessary to purchase envelopes as emergency purchases? August 25, order A-225, envelopes, \$90, is an instance in point.

Mr. BRIGGS. I will state that those envelopes were Crane's Japanese linen envelopes and are of a character which we do not have under contract. They are considered of the highest grade of goods that are manufactured, and are used in the Post-Office Department only by the higher officials of the service.

The CHAIRMAN. Do you know of any reason why they should not be contracted for when the general contracts are let?

Mr. BRIGGS. I do not. In this connection I will state that the envelope contract is for a four-year term, as distinguished from the annual. It is a four-year contract, which went into effect on the 1st day of July, 1907, and at that time envelopes of this particular character were not suggested by anyone. I presume quite likely that they will be inserted in the next set of specifications for envelopes whenever issued.

The CHAIRMAN. December 16, order A-906, diaries, \$20. For whom were those?

Mr. BRIGGS. I can not tell to whom they were intended to be distributed. They were purchased on a requisition from the office of the chief clerk of the Post-Office Department.

The CHAIRMAN. May 29, order B-3, tracing P. R. map. What is that?

Mr. BRIGGS. Tracing postal maps.

The CHAIRMAN. Postal-routes maps? Is that what "P. R." stands for?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. That was done by whom?

Mr. BRIGGS. Orders for tracings are made upon requisitions issued by the topographer, and are directed to certain experts in that line, located mostly here in Washington, I think.

The CHAIRMAN. May 4, order No. B-6181, ink, \$1,000; June 9, order S-1652, ink, \$500. Why were those exigency purchases?

Mr. BRIGGS. An award of contract was made for writing fluid under item No. 230 for use during the fiscal year ending 1908 on samples of Pomeroy's ink at \$1.34 per dozen for quarts, and 95 cents per dozen for pints. Owing to the fact, as I understand it, that at the termination of the fiscal year 1907 quite a large quantity of ink was on hand in the Division of Supplies, and to the further fact that ink tablets were quite liberally supplied to postmasters as a substitute for writing fluid, no orders for ink were made, as ink was not

needed, until the following spring, when some question arose as to the character of the ink which was under contract, and particularly with regard to its permanency as record ink. Upon the request of the Fourth Assistant Postmaster-General the purchasing agent submitted samples of this contract ink for analysis to the Bureau of Standards, whose report follows:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF STANDARDS,
Washington, April 8, 1908.

Report on one sample of Pomeroy's vegetable writing fluid, submitted by Mr. W. E. Cochran, purchasing agent, Post-Office-Department.

The amount of iron in the ink was determined, as upon this depends very largely the permanence of the ink.

The amount of iron found was 1.688 grams per liter, whereas the minimum quantity found by experience to be allowable in a permanent ink is 6 grams.

The blue color is given by an unidentified dye, which of course can not be expected to give permanence to the ink, especially if the writing is exposed to light.

The ink contains 2.59 grams of hydrochloric acid gas per liter, which is the proper amount for an ink containing 6 grams of iron per liter. This apparent excess probably does no great harm, for the ink was slightly less corrosive to pens than the Treasury standard ink, under the same conditions. A pair of pens immersed in 25 cubic centimeters of Pomeroy's ink lost 0.055 gram by corrosion in forty-eight hours, and a second pair in the Treasury ink lost 0.069 gram.

Further tests as regards the action of light, water, and alcohol will be made and reported in due time. But in our opinion, judging from the low content of iron, the ink is not to be recommended for permanent records.

S. W. STRATTON, *Director.*

Test No. 4290.

You will notice that this report states that the ink in question is not to be commended for permanent records. This information was conveyed to the Fourth Assistant Postmaster-General, and on April 30, 1908, the purchasing agent received a request from him to arrange for the purchase of what is known as "Treasury standard ink," manufactured by the Carter's Ink Company, of Boston, Mass. This company was requested to state by telegram whether or not it would furnish the ink desired at the Treasury contract price. The company agreed to do so, and the ink was ordered.

The CHAIRMAN. What amount is paid for clerical work keeping the account of purchases under an appropriation in your office?

Mr. BRIGGS. This record has not been kept in the purchasing agent's office since June 1, 1908.

The CHAIRMAN. Where is it now kept?

Mr. BRIGGS. I understand that such records are now kept in the various bureaus which have control of the different appropriations for the purchase of supplies.

The CHAIRMAN. For what reason and by whose direction was this change made?

Mr. BRIGGS. This change was made in compliance with instructions issued to this office by the Chief Clerk of the Post-Office Department in a letter dated June 1, 1908, reading in part as follows:

In each bureau to which appropriations are made for the purchase of supplies, an appropriation account is kept, and in view of the fact that the bureau officer is responsible for such appropriations, and further, that your record involves a duplication of work, the Postmaster-General desires that your appropriation record be discontinued at once.

The CHAIRMAN. When Mr. Cochran appeared before this committee on February 26, 1908, he regarded this record in his office as

indispensable as long as the law held him responsible for overdrawing an appropriation. What change has there been in the law or in the construction of the law touching the responsibility of the purchasing agent for exceeding appropriations in making purchases?

Mr. BRIGGS. There has been no change in the law; that was Mr. Cochran's construction of the law.

The CHAIRMAN. What resulting economy has there been by the nonkeeping of records of purchases in the office of the purchasing agent?

Mr. BRIGGS. None, to my knowledge.

The CHAIRMAN. What duties are the accountants or clerks that have been relieved of this work now performing?

Mr. BRIGGS. They are keeping a requisition file and performing additional duties which have been assigned to the office by regulations promulgated June 18, 1908.

The CHAIRMAN. That is all this morning. You and Mr. Ogden can talk over this subject together and compare notes as to what we might want additional.

(Thereupon, at 12 o'clock noon, the committee adjourned.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,

House of Representatives, Friday, January 8, 1909.

The committee met this day at 10.30 o'clock a. m., Hon. Irving P. Wanger (chairman) presiding.

**STATEMENT OF MR. RICHARD P. COVERT, SUPERINTENDENT
OF DIVISION OF SUPPLIES, BUREAU OF THE FOURTH ASSIST-
ANT POSTMASTER-GENERAL.**

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You are Superintendent of the Division of Supplies, Bureau of the Fourth Assistant Postmaster-General?

Mr. COVERT. Yes, sir.

The CHAIRMAN. What is the present condition of your division?

Mr. COVERT. It is in excellent shape in every way.

The CHAIRMAN. How promptly are you able to fill all requisitions?

Mr. COVERT. Within twenty-four hours after they are received; that is, requisitions for stock supplies; requisitions for supplies that are filled directly by the contractor to postmasters, ordered twenty-four hours after the requisition is received. The last day of the calendar year was a half holiday, and the requisitions that came in on the 11 o'clock mail were filled and on the way to postmasters before the division closed at 12 o'clock.

The CHAIRMAN. Without postponing any current work?

Mr. COVERT. Without postponing anything.

The CHAIRMAN. Provision was made in the current appropriation act for some appliances in your building. Is it efficiently equipped at the present time?

Mr. COVERT. We still have a conveyor system to put in, which will probably be installed in the course of the next two months.

The CHAIRMAN. Are there any other appliances that you require in the interest of economy or of expedition?

Mr. COVERT. I do not think so.

The CHAIRMAN. Last spring you felt that the furnishing of supplies to the department should be transferred to your division. What is your present conviction respecting that matter?

Mr. COVERT. I believe the same as I did at that time, that all the supplies for the department, as well as for the postal service, could be properly handled in the Division of Supplies.

The CHAIRMAN. And be stored in the annex building; or would you have them stored where they are now?

Mr. COVERT. They could be stored in both places if found necessary.

The CHAIRMAN. Well, do you think you would gain any economy in space at the department building if the change is made?

Mr. COVERT. I do not know that we would. Very little space is occupied in the main building by supplies, and I do not think it would be necessary to utilize that space for anything else.

The CHAIRMAN. Would there be any change involved in the quantity of supplies that are now on hand if the change is made?

Mr. COVERT. I think not.

The CHAIRMAN. Would you order about the same as they are ordered now?

Mr. COVERT. Of course there are certain supplies ordered, for which requisition is now made by the chief clerk of the department, that we do not handle at all, such as furniture. We have nothing but furniture for rural carriers—tables and stools. That would be a new thing so far as the Division of Supplies is concerned.

The CHAIRMAN. How frequently do you take an account of stock?

Mr. COVERT. We take an account for our own information about once in four months, three times a year. Since you were over in the Division of Supplies a year ago your suggestion was followed, and the annual inventory is taken by post-office inspectors without the cooperation in any way of the Division of Supplies, except such help as the inspectors call for in the removal of cases and the handling of various supplies. That inventory was taken, I think, in August of last year.

The CHAIRMAN. Have you an accurate accounting system of the expenditures from appropriations?

Mr. COVERT. Yes, sir.

The CHAIRMAN. How do you verify its accuracy?

Mr. COVERT. In what way?

The CHAIRMAN. Well, I mean, suppose the persons who are keeping the account make an error; is there any examination by anybody to discover that?

Mr. COVERT. Well, I do not know hardly how a mistake could be made. All our accounts are checked by the auditor after they are checked in our office, and if a mistake was made it would be bound to be caught up in one place or the other.

The CHAIRMAN. How frequently do these accounts get to the auditor?

Mr. COVERT. On the average three times a week.

The CHAIRMAN. They go there from time to time, do they?

Mr. COVERT. We prepare journals three times a week on the average, and bills and receipts accompanying these journals are sent to the auditor.

The CHAIRMAN. And how soon do you receive a report from the auditor?

Mr. COVERT. If there is a mistake we generally get the bill back the next day. Mistakes have occurred, and they are bound to occur from time to time.

The CHAIRMAN. In March last you stated that you would give consideration to the possible saving of salaries and other expenditures. Have you any suggestions now to give to the committee on that subject?

Mr. COVERT. Well, since the reorganization of the Division of Supplies has been perfected or completed in the last two years, the clerical force has been reduced about 30 per cent, and the entire force, including clerks and laborers, over 20 per cent; and so far as the Division of Supplies is concerned—not the whole department—as set forth in this joint postal bill, I think if that Bureau of Supplies could be organized practically as set forth there, there could be a saving of at least 50 per cent in salaries.

The CHAIRMAN. Taking all the supply offices of the various departments together?

Mr. COVERT. Yes, sir. I made a memorandum for my superior, at his request, of my views on that subject, and in that memorandum I recommended that the position of superintendent of stamps, at \$2,750, be abolished; the superintendent of redemption, at \$2,000, superintendent of equipment, at \$2,000, superintendent of supplies, at \$2,500, and an assistant topographer, at \$2,000. I believe a bureau officer and a chief clerk and assistant chief clerk would be all that would be necessary in the way of an executive force for that Bureau of Supplies, as set forth in the proposed bill. The work could be done with at least 50 per cent of the force now employed.

The CHAIRMAN. You can suggest no economies with the Division of Supplies as it is now existing?

Mr. COVERT. Well, there is one economy that I think could still be put in force, and that is relating to ink.

The CHAIRMAN. What is that?

Mr. COVERT. We are now shipping out ink in fluid form, but I feel satisfied that there is such an article as an ink tablet or powdered ink that will answer the purpose, and that will not only save in the first cost of the ink but in the transportation and packing.

The CHAIRMAN. Do you know of any ink tablets or powders that have stood chemical tests?

Mr. COVERT. The ink powders, you know, that we had under contract were never tested before they were put under contract. The ink tablets about which so many complaints were received, subsequent to the time when the use of the ink tablet was discontinued, I sent several samples to the purchasing agent with the request that they be sent to the Bureau of Chemistry for analysis. I can not say offhand whether we received replies to all of the requests or not. I believe, as to those in which we did receive replies, they did not quite come up to the standard set by the Bureau of Chemistry, although they apparently did the work. I tried them in every way I knew of, writing on different slips of paper and putting them in the sun for a long time and making several other experiments, and they were perfectly satisfactory to me, but nothing further has been done in the matter.

The CHAIRMAN. Then you do not know of any that have stood the chemical tests satisfactorily?

Mr. COVERT. In the Bureau of Chemistry, none.

The CHAIRMAN. Was it the Bureau of Chemistry or the Bureau of Standards that passed on the other tablets, or both?

Mr. COVERT. I do not know whether I am correct in saying the Bureau of Chemistry here. It was either the Bureau of Chemistry or the Bureau of Standards. I do not know which one it was.

The CHAIRMAN. Well, there was some ink under contract at the same time which was examined by the Bureau of Standards?

Mr. COVERT. Yes, sir; in fluid form; writing fluid. That was not up to the requirements either. But in May last we made an open-market purchase of a quantity of ink known as the "Treasury brand," the analysis of which showed it to be all right, and that ink was bought to the 1st of July, when a new contract was made for the brand used at the present time.

The CHAIRMAN. What ink is now being supplied?

Mr. COVERT. David's.

The CHAIRMAN. Has that been chemically tested?

Mr. COVERT. It has.

The CHAIRMAN. And it has stood the test?

Mr. COVERT. It has stood the chemical test.

The CHAIRMAN. Did you have any of the other ink on hand which had been under contract previously and which had been reported upon adversely by the Bureau of Standards?

Mr. COVERT. I do not believe there was any on hand at that time.

The CHAIRMAN. There had not been any supplied prior to that time?

Mr. COVERT. There may have been 50 or 60 cases on hand in the year before. I have forgotten. The books would show; but whatever there was on hand was sent out.

The CHAIRMAN. You say all that was there was sent out?

Mr. COVERT. Yes. In other words, we have none on hand at this time.

The CHAIRMAN. Mr. Briggs said: "Owing to the fact, as I understand it, that at the termination of the fiscal year 1907 quite a quantity of ink was on hand in the Division of Supplies, and no orders for ink were made, as ink was not needed until the following spring, some question arose as to the character of the ink which was under contract, and particularly with regard to its permanency as record ink. Upon the request of the Fourth Assistant Postmaster-General the purchasing agent submitted samples of this ink to the Bureau of Standards, which reported that the ink in question should not be recommended for permanent records." Is that correct?

Mr. COVERT. The ink that he referred to as being on hand on the first day of July, 1908—that is, at the close of the fiscal year 1907—is this special ink known as the "Treasury brand," which was an open-market purchase. That is the ink that was bought to supplant the ink tablets. The first order was made on May 4 for 500 dozen quarts, and another order was placed on June 9, an open market purchase, for 250 quarts.

The CHAIRMAN. What did that cost per dozen quarts?

Mr. COVERT. Two dollars a dozen quarts.

The CHAIRMAN. And what are you paying for the David's writing fluid?

Mr. COVERT. A little less than \$2; \$1.94 per dozen quarts.

The CHAIRMAN. Mr. Briggs is not referring to the \$2 per dozen ink, as I understand. He was referring to the ink that was on hand at the end of the fiscal year 1907. He said: "At the termination of the fiscal year 1907 quite a large quantity of ink was on hand in the Division of Supplies." That was the \$1.34 per dozen ink.

Mr. COVERT. I do not recall any ink for which we paid \$1.34 per dozen quarts. The only ink we had on hand at the end of the last fiscal year was a quantity of the ink that had been bought in the open market, known as the "Treasury brand."

The CHAIRMAN. This is in reference to the ink that was on hand at the end of the fiscal year 1907.

Mr. COVERT. The year before that?

The CHAIRMAN. Yes. It was the ink that came up for analysis after the ink powders were reported upon adversely.

Mr. COVERT. That ink was under contract. There was none of this ink on hand. There was no supply of this Pomeroy ink on hand at any time. This Pomeroy ink was under contract at the same time that the ink tablets were. We bought the ink tablets instead of the Pomeroy ink. When so many complaints were made about the ink tablets, we tried this Pomeroy ink, and my recollection is that that was unsatisfactory too. For this reason none was bought.

The CHAIRMAN. Have you made any computations of the comparison between the aggregate of orders for supplies formerly and also since you have adopted the method of having postmasters order supplies in bulk?

Mr. COVERT. No, sir; I have not. The purchasing agent's annual report shows the number of orders drawn. It is a tabulated statement.

The CHAIRMAN. Is there anything further you would like to submit to the committee?

Mr. COVERT. I would like to add to what I said a few minutes ago on the subject of economies that, in my opinion, what is being done now in regard to getting up a general schedule covering general supplies for all the departments in one general schedule, will undoubtedly result in saving money to the Government.

The CHAIRMAN. Would your theory be that all the supplies for all the departments should be put in one schedule, or only those supplies which are common to two or more departments; and then there should be a separate schedule for supplies exclusively for a single department?

Mr. COVERT. That all supplies should be put in one schedule.

Mr. FAIRCHILD. Don't you have a large accumulation of odds and ends in your department? What becomes of them?

Mr. COVERT. There are such things as old satchels that can not be repaired; that is an illustration; different things of that kind; and they are inspected by a committee appointed for condemnation proceedings, and they are condemned and sold——

Mr. FAIRCHILD. For what they will bring?

Mr. COVERT. Yes, sir. For instance, a piece of a broken scale; scales that can not be used. A piece that is missing on one can be used in repairing another scale.

Mr. FAIRCHILD. You have such an infinite variety of material that I thought possibly when you changed from one kind to another you might have what would be called "dead stock" in a store.

Mr. COVERT. No, sir. We have not any dead stock at all. But we may have eight or ten thousand blanks of a particular form, and that form might be discontinued, and in cases of that kind if the blanks can be cut up into scratch blocks and used throughout the department they are used in that way. Otherwise they are condemned by the committee and destroyed.

Mr. FAIRCHILD. Who has the responsibility of making up the list or suggesting the supplies to be purchased?

Mr. COVERT. The bureau officer is charged with preparing the specifications. In the first place, those specifications that you have in your hand were prepared by me originally and submitted to the Fourth Assistant Postmaster-General, and by him to the purchasing agent, where any changes were gone over and made by the purchasing agent and the Fourth Assistant's bureau, and then they were finally incorporated in these specifications.

STATEMENT OF MR. THOMAS L. DEGNAN, CHAIRMAN OF THE BOARD OF INSPECTION, OFFICE OF THE POSTMASTER-GENERAL.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Degnan, what is your position?

Mr. DEGNAN. Chairman of the board of inspection.

The CHAIRMAN. Post-Office Department?

Mr. DEGNAN. Post-Office Department.

The CHAIRMAN. And you have held that position since when?

Mr. DEGNAN. March 16, 1908.

The CHAIRMAN. How is that board constituted?

Mr. DEGNAN. The personnel?

The CHAIRMAN. Yes.

Mr. DEGNAN. It consists of a chairman and 21 clerks who are employed in the different divisions of the Post-Office Department.

The CHAIRMAN. They are selected by whom, and how frequently?

Mr. DEGNAN. By the Postmaster-General.

The CHAIRMAN. How frequently are changes made?

Mr. DEGNAN. There have been no changes since the board was organized or appointed.

The CHAIRMAN. Were they appointed for a definite period?

Mr. DEGNAN. No, sir.

The CHAIRMAN. What is your routine of inspecting supplies?

Mr. DEGNAN. The chairman of the board of inspection is advised by the receiving clerk when a shipment of supplies is ready for inspection. The chairman will designate three members of the board to examine the articles who shall count, weigh, measure, or apply such tests as are necessary to determine whether the articles are in conformity with the required specifications.

If the articles examined are found equal to the specified requirement the board will recommend acceptance. In case the articles are not up to the standard the board will recommend rejection, unless the exigencies of the service require the immediate use of the articles, in which case the board will recommend acceptance with deduction on account of the deficiency.

The members of the board are required to exercise business judgment in these cases, to the end that the interests of the department may be fully protected.

The CHAIRMAN. Are those 21 clerks for duty at any or all of the places where supplies are received, or at division supply places?

Mr. DEGNAN. No person employed in the supply division of the purchasing agent's office is on the board of inspection. The membership of the board is so arranged that all supplies received at the Post-Office Department are examined by members of the board who are employed in the Post-Office building; and supplies received at the Division of Supplies, the mail-bag repair shop, the mail-lock shop, and other divisions located in the post-office annex building, are examined by clerks employed in the annex building. Ten clerks are employed in the Post-Office building and 11 clerks in the annex building.

The CHAIRMAN. How do you determine which three clerks are to serve in a particular inspection?

Mr. DEGNAN. They are called in rotation. In this way the members have different items to inspect on each call.

The CHAIRMAN. Do you act with the three?

Mr. DEGNAN. Yes, sir.

The CHAIRMAN. Do you recollect this matter of ink tablets and ink?

Mr. DEGNAN. Since the board of inspection was organized we have had no ink tablets to examine, excepting one shipment of red ink tablets received during the present fiscal year.

The CHAIRMAN. Are those subjected to chemical analysis?

Mr. DEGNAN. Yes, sir.

The CHAIRMAN. Are they regarded as being as permanent as red ink?

Mr. DEGNAN. I think so.

The CHAIRMAN. You have no knowledge of the inspection of black-ink tablets?

Mr. DEGNAN. No, sir. To give you an idea about the report that is received on the inspection of ink—I have one here. Four thousand pounds of canceling ink was received at the Division of Supplies. A can of it was sent to the Bureau of Chemistry, Agricultural Department, and this is the report submitted, showing the result of analysis. [Submits report to the chairman.]

The CHAIRMAN. The permanency of ink being very important, the supply of that article ought to be such that permanency could be reasonably expected. Permanency would seem to be one of the most essential qualities. Considerable black ink was purchased since last April, was there not?

Mr. DEGNAN. Yes, sir. We have had two or three large shipments of writing fluid and canceling ink.

The CHAIRMAN. Was that chemically analyzed?

Mr. DEGNAN. Yes, sir.

The CHAIRMAN. By the Bureau of Chemistry or by the Bureau of Standards?

Mr. DEGNAN. By the Bureau of Chemistry, Department of Agriculture. On the shipments of writing fluid recently delivered at the Division of Supplies the contractor was not very prompt in delivery. The stock in the Division of Supplies was completely exhausted. As it would require about four weeks to get a report from the Bureau

of Chemistry, the board of inspection, after examination and comparison with the accepted sample, recommended the acceptance of the shipment.

The CHAIRMAN. And you had no analysis made?

Mr. DEGNAN. No, sir.

The CHAIRMAN. Would it not have been a good thing to have had an analysis made, even if you did not delay accepting the shipment?

Mr. DEGNAN. Yes. I have a bottle on hand now taken from the last shipment that I am forwarding to the Department of Agriculture.

The CHAIRMAN. Do you have anything to do with the testing of samples of envelopes?

Mr. DEGNAN. We inspect every shipment of envelopes received at the department. The paper is tested, and if it does not come up to the required specifications we recommend rejection or acceptance at a deduction.

The CHAIRMAN. There was some trouble formerly with regard to not complying with the specifications in the nonuse of linen, as you doubtless know. Your inspections safely guard the Government against the repetition of that injustice, does it?

Mr. DEGNAN. Yes, sir. The bulk of envelopes received are for use in the Post-Office Department. They are principally white, manila, rope, and jute. Each shipment is examined very carefully.

The CHAIRMAN. Superficially or as to the material that goes into them?

Mr. DEGNAN. As to the material.

Mr. FAIRCHILD. How is that examination made?

Mr. DEGNAN. Envelopes under contract are constructed from certain grades of paper, such as manila, jute, rope, etc. The paper in each item is covered by specifications relative to weight and tensile strength. The members of the board take from each shipment a quantity of envelopes for testing purposes, using the paper-testing machine to ascertain the tensile strength and a very delicate scale to determine the weight. If there is a deficiency in either, the members of the board will do as I stated before, recommend rejection or acceptance at a proper deduction.

Mr. FAIRCHILD. Approximately how many envelopes are used in your department that come under your inspection per year?

Mr. DEGNAN. It is a difficult matter for me to give you an estimate just now, but I should judge about fifteen or twenty millions.

Mr. FAIRCHILD. Yes.

Mr. DEGNAN. Yes; I think that is a fair estimate. I think they use about twelve millions alone in the Dead Letter Office.

Mr. FAIRCHILD. In some of the departments that the Government supplies there is an inspection in the manufactory, where inspection is made of the stock before it is shipped?

Mr. DEGNAN. Yes, sir. Mr. Covert may be able to answer that question better than I.

Mr. COVERT. That is done in the postal-service envelopes. The registry envelopes are inspected and tested by an envelope agent at Hartford, Conn., where the envelopes are manufactured. The official envelopes, which are manufactured at Cincinnati, Ohio, are inspected by the envelope agent at Cincinnati, and the stamped envelopes are inspected by the agent at the manufacturer's plant at Dayton, Ohio.

Mr. FAIRCHILD. Your position, then, is one of very great importance, is it not?

Mr. DEGNAN. Yes, sir.

The CHAIRMAN. The inspection that you make of these envelopes does not include the determination of the ingredients of the paper, does it, except as you gather it from the strength, and so on?

Mr. DEGNAN. Yes, sir; we have an acid test by which we can determine whether the paper is jute or manila.

The CHAIRMAN. And you can intelligently determine that fact by your tests?

Mr. DEGNAN. Well, I think so. I am not a chemist, but I was informed that the acid test turns the paper a certain color. I think a person with a good eye can detect the difference between manila, jute, or rope paper after he has handled it a short time. The weight and tensile strength must be there.

The CHAIRMAN. What is the character of the inspection of mail bags?

Mr. DEGNAN. Those are inspected at the place of manufacture.

The CHAIRMAN. Well, of the output of the repair shop?

Mr. DEGNAN. We have nothing whatever to do with the inspection of repaired bags.

The CHAIRMAN. What do you inspect at the mail-bag shop?

Mr. DEGNAN. Whatever is purchased for the mail-bag shop, such as canvas, duck, and other supplies.

The CHAIRMAN. Is the output of the workshop inspected?

Mr. DEGNAN. Not by the board of inspection.

The CHAIRMAN. Is it by anybody?

Mr. DEGNAN. I think they have men employed there as inspectors.

The CHAIRMAN. Has it not occurred to you that there are ways in which the Government might save a good deal of money in connection with supplies for the department?

Mr. DEGNAN. In what manner, Mr. Wanger?

The CHAIRMAN. Any manner.

Mr. DEGNAN. I do not know.

The CHAIRMAN. Well, you know whether or not it has occurred to you, do you not?

Mr. DEGNAN. Do I understand that the Government could save money in the manner of inspecting supplies?

The CHAIRMAN. The question was whether or not it has occurred to you that there are ways in which the Government might save money in the purchase of supplies for the department and the postal service?

Mr. DEGNAN. I do not know of any.

The CHAIRMAN. It has not occurred to you, then?

Mr. DEGNAN. No, sir.

The CHAIRMAN. We would be very glad to receive any suggestions that you have to make on that line.

If there is nothing further, gentlemen, we are very much obliged to you for your attendance this morning.

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
Wednesday, January 13, 1909.

The committee was called to order at 10.05 a. m., Hon. Irving P. Wanger (chairman) presiding.

STATEMENT OF MR. CHARLES P. GRANDFIELD, FIRST ASSISTANT POSTMASTER-GENERAL.

The CHAIRMAN. You are First Assistant Postmaster-General?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. And prior to your appointment as such you were Chief Clerk of the First Assistant Postmaster-General?

Mr. GRANDFIELD. Prior to last February, yes, sir, I was Chief Clerk, First Assistant Postmaster-General.

The CHAIRMAN. You are familiar with House Document No. 1076, Sixtieth Congress, second session, are you?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. And with what part of the expenditures are you familiar in detail?

Mr. GRANDFIELD. The part under the bureau of the First Assistant Postmaster-General.

The CHAIRMAN. That is, the items set out under the name of Mr. F. H. Hitchcock?

Mr. GRANDFIELD. Yes, sir; beginning there and going down to the account of Mr. McCleary, on page 5.

The CHAIRMAN. Under what appropriation are the expenses for the investigation of conditions in post-offices paid?

Mr. GRANDFIELD. Under the appropriation for travel in the office of the First Assistant Postmaster-General—an appropriation of \$1,000.

The CHAIRMAN. Are conditions in post-offices personally investigated by the First Assistant Postmaster-General unless there is an apparent necessity for doing so?

Mr. GRANDFIELD. Oh, no; it is only questions which the first assistant is called upon to decide, and that he can decide better after personal investigation.

The CHAIRMAN. What is the nature of those questions?

Mr. GRANDFIELD. For instance, in New York City the postal problem is a very difficult one, and at the time this investigation was made the post-office was congested, needed additional room, and something had to be done. The First Assistant Postmaster-General made a personal investigation to determine what would best be done. It finally resulted in moving the mailing division out of the post-office proper into a rented room, for which we are paying \$75,000 a year rent.

The CHAIRMAN. Do you think that it was real economy and in aid of intelligent administration for these investigations to be made?

Mr. GRANDFIELD. Undoubtedly—that is, with respect to the ones that I am speaking about now, at New York.

The CHAIRMAN. Well, is there anything different with regard to those?

Mr. GRANDFIELD. No; excepting as to the last item on the second page, where the destination is given as Chicago and Peoria. That was a post-office clerks convention at Peoria.

The CHAIRMAN. Then the statement as to the nature of the business is not quite complete?

Mr. GRANDFIELD. Well, he went from Peoria to Chicago to look into the conveyor system there. Of course, it is rather difficult in a brief line to give all the business transacted on a trip of that kind.

The CHAIRMAN. And is there any additional explanation appropriate as to any of the other items?

Mr. GRANDFIELD. The last one, Salt Lake City, Los Angeles, San Francisco, Reno, Chicago, Richmond—

The CHAIRMAN. Is that Richmond, Ind.?

Mr. GRANDFIELD. No, sir; Richmond, Va. That was one of the important matters that the First Assistant Postmaster-General wanted to look into, the conditions in the mining regions of the West, where postmasters had informed us that it was impossible to obtain clerks at the rate fixed by law. It was discussed before the Post-Office Committee, and an amendment to the post-office bill proposed, that being the result, in part, of what the first assistant ascertained on this trip to Nevada.

The CHAIRMAN. The expenditures where the trip was made addressing postmasters' conventions is charged to what item?

Mr. GRANDFIELD. As a rule it is charged to the appropriation for travel in the office of the First Assistant Postmaster-General, the thousand-dollar appropriation that I spoke of.

The CHAIRMAN. For how long has it been the custom of the department to send officials to address those conventions?

Mr. GRANDFIELD. For the last few years—I do not know just how long it has been going on. These associations have become much more numerous in the last few years, or rather the conventions have become more numerous; I don't know that the associations have. In fact, in the last year there were so many conventions that the Postmaster-General decided that it would be advisable to limit the number if he could. It was impossible to have an officer of the department attend all of them, although he thought that there should be some officer of the department present at these conventions to know what is going on.

The CHAIRMAN. You think it is a matter of importance for the department to be represented?

Mr. GRANDFIELD. Yes; and at conventions of minor importance we simply instructed the nearest inspector, the one domiciled in the vicinity, to attend such convention. At many of them the department was not represented by anyone; that is, at a number of state conventions.

The CHAIRMAN. Is there any advantage from being represented, beside that of discovering what is going on?

Mr. GRANDFIELD. Yes; the department officers sometimes learn something worth while, I presume.

The CHAIRMAN. Well, do the members of the convention learn anything?

Mr. GRANDFIELD. Undoubtedly. Whoever represents the department is usually put on the witness stand, to a certain extent, and questions are asked him about a great many matters relating to the postal service. Many misunderstandings and misconceptions are cleared up at these meetings.

The CHAIRMAN. What seems to be the general purpose of these conventions?

Mr. GRANDFIELD. As to the conventions of postmasters, the general purpose is undoubtedly for the good of the service. The postmasters have no selfish motives to serve; that is, they can not hope to profit financially from the conventions.

The CHAIRMAN. You think the good of the service is the leading purpose?

Mr. GRANDFIELD. Oh, yes.

The CHAIRMAN. And the good of the participant is either subordinate to that, or nil.

Mr. GRANDFIELD. Yes; that is undoubtedly the case so far as the postmasters' conventions are concerned.

The CHAIRMAN. I hope that is the case.

Mr. GRANDFIELD. The letter carriers and the clerks, of course, hope to improve their own condition; and in these conventions they have an opportunity to discuss the ways and means of doing so, and also of bringing their grievance to the attention of the department.

The CHAIRMAN. In your last annual report you called attention to the frequency of these conventions, and recommended a consolidation.

Mr. GRANDFIELD. Nearly every State has an association which holds a convention once a year. If scattered throughout the whole year, the conventions would average one each week, and of course it would be impossible for any officer in the department to attend all of these conventions. It would be better to limit the number and have a larger attendance than to have so many different conventions.

The CHAIRMAN. What standard of remuneration has been established, if any, for the expenses; or, rather, what limitations have been put on the matter of expenses, if any?

Mr. GRANDFIELD. The rule of the department is not to allow in excess of \$5 per day for expenses; that is, \$5 per day for lodging and meals at hotels. The travel expense on railroad trains is not limited in that way, because the rates for Pullman car fare and meals on trains are well known.

The CHAIRMAN. They are various items for reimbursement, whatever they may be?

Mr. GRANDFIELD. Yes. After the officer's trip is completed, he prepares an expense account, and swears to the correctness of the items, furnishing vouchers for such expenditure as it is possible to obtain vouchers for, and when the account is approved he is paid by warrant.

The CHAIRMAN. Are there any further observations that you wish to make about any of those items, or are there any of the other items relating to the addressing of postmasters' conventions about which you wish to speak?

Mr. GRANDFIELD. As to the other items the purpose of the investigation is stated, and I do not know of any additional information that I could furnish.

The CHAIRMAN. On page 3, among the items on account of Mr. Bushnell, Clinton is mentioned. What Clinton is that?

Mr. GRANDFIELD. I think that is Clinton, N. Y., but I can not be positive; either Clinton, N. Y., or Clinton, Conn., I am not sure which.

The CHAIRMAN. Why would it be necessary for somebody in Washington to go such a distance to investigate post-office quarters?

Mr. GRANDFIELD. When we have an investigation made by an inspector or an assistant superintendent, there may be some facts that are not brought out very clearly, or some question as to the judgment of the inspector or his fairness may arise, necessitating a reinvestigation by some one else.

The CHAIRMAN. Under the item "C. M. Waters, Denver, Erie, establishment additional carrier station; postmasters' convention." At which of the places was the carrier station established?

Mr. GRANDFIELD. In Denver. He was ordered from Denver to Erie.

The CHAIRMAN. Denver, Colo.?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. Was not that a long distance to send somebody to find out if an additional carrier station was necessary?

Mr. GRANDFIELD. Yes; though Mr. Waters is a resident of Denver, and, of course, he is very familiar with the needs of the service there; probably wanted to go home.

The CHAIRMAN. Would not that be a pretty bad reason upon which to make a detail?

Mr. GRANDFIELD. I think it would. He did not have any business out there this last year.

The CHAIRMAN. Where is Mr. Bushnell's home?

Mr. GRANDFIELD. Connecticut.

The CHAIRMAN. Where is Mr. Baldwin's home?

Mr. GRANDFIELD. He is a bachelor, and I do not know that he has any other home than in Washington.

The CHAIRMAN. What was the nature of the parcels-post investigation by Mr. G. G. Thomson?

Mr. GRANDFIELD. That was to collect some information for the Postmaster-General in regard to the delivery of parcels in city delivery offices; and also to get the views of the postmasters on certain points that the Postmaster-General wanted to bring out.

The CHAIRMAN. Was it to get data relative to the operation of the existing system and service or to ascertain facts, theories, and mental attitude toward a projected system?

Mr. GRANDFIELD. Well, both. You know that we have a limited parcels post in operation now. We do not deliver by letter carriers all of the packages that are carried through the mails in city delivery offices. The rule is to deliver whatever is not considered too heavy for the carrier to take out, and that depends largely upon the amount of other mail that he has to deliver. The weight varies in different cities.

The CHAIRMAN. Where parcels are received and regarded as too heavy to deliver by the carrier, what is done?

Mr. GRANDFIELD. A card notice is sent to the addressee telling him that a package is at the post-office, and to call and get it. Of course any extension of the parcels-post system would increase the number of such packages, and the problem would arise as to how much additional mail of this kind could be delivered by letter carriers, or how many additional carriers would be required to deliver all of the parcels that are now carried through the mails.

The CHAIRMAN. Did Mr. Thomson make a written report of that investigation?

Mr. GRANDFIELD. I think so; both written and oral.

The CHAIRMAN. What was the occasion for the rather extended investigation of the city delivery service by Mr. Thorp?

Mr. GRANDFIELD. How do you mean "extended," Mr. Wanger?

The CHAIRMAN. It seems to have covered a considerable period, or possibly it is only meant as having taken place on two separate days?

Mr. GRANDFIELD. We found that the city delivery service is not very well supervised; that there are not very many experts in the service; but I do not remember this particular case. When we have an especially knotty problem to solve with regard to free-delivery matters we usually send Mr. Thorp, for he, as superintendent, has had more experience than any other man in the service. I do not think that Mr. Thorp was there from March 5 to 17. That would be twelve days. Probably something intervened.

The CHAIRMAN. You think it more likely that he was there on the 5th of March, and again on the 17th?

Mr. GRANDFIELD. Yes; probably spent not to exceed three or four days there. The statement of his expenses indicates that if on that trip he had been sick, the time would be shown but not the expenses. Expenses are allowed only when engaged on official business. It is possible that during the time he was up there he paid a visit to his home in Vermont, but I do not know. I could find out and let you know if you want any further information about it.

The CHAIRMAN. Was any investigation made, to your knowledge, by the Post-Office Department or any of its employees outside of the United States into the matter of parcels post or of postal savings banks; and if so, by whose direction and at whose and what expense?

Mr. GRANDFIELD. I understand that one of the post-office inspectors made an investigation of the Canadian system of postal savings banks, by direction of the Postmaster-General, and reported to him. This report is embodied in one of the Senate documents (Rept. No. 525, 60th Cong., 1st sess.). The inspector's expenses, aside from his salary, during the time he was in Canada, were less than \$40, I am informed.

The CHAIRMAN. Is there anything further that you wish to say?

Mr. GRANDFIELD. No, sir.

STATEMENT OF MR. JOSEPH STEWART, SECOND ASSISTANT
POSTMASTER-GENERAL.

The CHAIRMAN. Mr. Stewart, will you favor us with some observations on the subject of the items on account of the Second Assistant Postmaster-General and his bureau, referred to in this document, No. 1076?

Mr. STEWART. I would be glad to do so.

The CHAIRMAN. In the matter of the tunnel service, and the sea-post service, I think that has been set out in part detail in the report of Mr. McCleary for the fiscal year ending June 30, 1907.

Mr. STEWART. I think the report for that year has mentioned those two services.

The CHAIRMAN. Do you know what sort of an "official conference" was held at Rochester, N. Y., May 3, 1908?

Mr. STEWART. That refers to Mr. McCleary's trip, and I have no personal knowledge of it. I see that the item, so far as the amount of expense is concerned, is associated with several others, including "New York, Pittsburg, and Chicago;" but the "tunnel service and transportation mails" is given as the reason for the visit to Pittsburg, Chicago, Watertown, St. Paul.

The CHAIRMAN. Do you know why it was necessary for Mr. Groff to go to California, Oregon, and Washington with reference to the screen-wagon service and the Alaskan winter service?

Mr. STEWART. Yes; our service in Alaska is a special service, and is performed under peculiar conditions. Our contracts have special features, particularly with reference to the amount of mail we can carry into Alaska over those routes. We sent a special representative, a Railway Mail Service man, there to make a personal investigation of the entire service. He made a detailed report to our office, recommending certain improvements and radical changes in the statement of the routes and the limit of weight that might be carried. That report was gone over very carefully in our office by Mr. Groff (who was detailed for this special work), and by other officials, and he became very familiar with the whole situation. The question then came up as to how we might restate the routes or get better terms from the contractors with reference to the weight of mail carried, and Mr. Groff, being especially conversant with all the features, was ordered to proceed to San Francisco to confer with the contractors and endeavor to get these concessions. The department succeeded, upon the report of Mr. Groff, in securing material advantages on those mail routes, so that now we are carrying an excess of 48,000 pounds more than we did into Alaska as a result of that conference. Then he was ordered to investigate certain difficulties in the electric-car service at Los Angeles on the way, which he did very satisfactorily. At this other point, San Jose, we were having a great deal of trouble with a contractor who claimed that we were imposing more duties upon him than the contract warranted. Mr. Groff was ordered to look into that, and he succeeded in arranging that very satisfactorily.

The CHAIRMAN. You became Second Assistant Postmaster-General when?

Mr. STEWART. Some time in September last.

The CHAIRMAN. And prior to that time you were Superintendent of the Railway Adjustment Division?

Mr. STEWART. Yes, sir.

The CHAIRMAN. What was the occasion for the investigation at Norfolk of the mail messenger service in August, 1907?

Mr. STEWART. The mail messenger service is a service of which I had immediate charge as superintendent of railway adjustments. When the exposition was started at Norfolk, the department arranged for an automobile service, which was performed very satisfactorily, but at considerable loss, as claimed by the contractor. The contractor was, during the whole period prior to my visit there, urging a material increase in his pay. We had it investigated by one of our officers, an Assistant Superintendent of Railway Mail Service, who recommended the increase. I went over the papers very carefully, but was not satis-

fied that it was the proper thing to increase his pay, and upon a conference in the office it was determined that I should make a personal investigation of the service, which I did. I went to the exposition grounds, and traveled over the mail messenger route, riding with the man in his automobiles, and learned just what service he was performing. I made all the trips with him to all the points, and inspected his vehicles. He was claiming that he was compelled to use more vehicles than he had contracted to use, as well as performing increased service, and that therefore he was entitled to more money. Upon the completion of the trips, I took the electric car to Norfolk, where I remained over night, and returned to Washington on the next steamer. I think I was on the grounds a short time beyond that occupied in the inspection of the mail messenger route, and as a result of that inspection I recommended to the Second Assistant Postmaster-General that the contractor's pay be increased, which was done.

The CHAIRMAN. What are the particular features of the pneumatic-tube service that required investigation in New York, Philadelphia, and Brooklyn in January, 1908?

Mr. STEWART. The department moved the mailing division of the city post-office to the Hudson Terminal Building, and it became necessary to provide a transportation service between that new station and the city office. The question under consideration was whether we could provide an adequate wagon service, or if not, whether we could induce the tube company to extend their tube to the new station. There was a departmental committee appointed, of which I was chairman, to investigate the matter and report to the Postmaster-General; and that was the occasion of my visit to New York. We made the personal investigation, and the report recommending the extension of the tube service to the new station. Does that cover your whole question?

The CHAIRMAN. That covers New York. Now, as to Philadelphia, next on the list in point of detail.

Mr. STEWART. With reference to the item at Philadelphia, the pneumatic tube company had completed its lines to Stations J and C, and notified the department that they were ready to open the line for operation, requesting the attendance of a departmental official. As I was in official charge of that service, I was requested to go to Philadelphia and be present at that opening, which I did. The service was formally opened to those stations on that day, and I inspected it.

The residents in Flatbush, Brooklyn, had been importuning the Postmaster-General to extend the pneumatic tube service into that district. It is a residential district. They had arranged for a public meeting in Brooklyn, at which citizens of New York, as well as of Brooklyn from residential districts, were to be present. They requested the Postmaster-General to send a representative of the department to be present and address them. I was designated by the Postmaster-General to go, which I did, and addressed the meeting, explaining to them that it was not the policy of the department to extend pneumatic tubes into residential districts. The visit was beneficial to the department, in that it put an end to the agitation for the extension of those tubes into residential districts in that locality. I explained to them fully why we could not do it.

The CHAIRMAN. Is Mr. Porter also on that committee to investigate the pneumatic tubes?

Mr. STEWART. He is assistant superintendent of railway adjustments, and the pneumatic-tube service is under the jurisdiction of that division. His travel is more or less connected with the contracts for pneumatic-tube service.

The CHAIRMAN. What are the names of your subordinates who investigate conditions, somewhat after the manner of inspectors?

Mr. STEWART. Assistant Superintendents of Railway Mail Service; but their work is connected with the administration, not the inspection, of the service.

The CHAIRMAN. Were any of them detailed to investigate parcels post or postal savings bank problems?

Mr. STEWART. Not to my knowledge.

The CHAIRMAN. Is there anything further you wish to say as to any of the items in this document?

Mr. STEWART. Nothing, I believe, excepting that the items of expense named were all incurred by officers who have jurisdiction of the work upon which they travel—that is, more or less immediate jurisdiction in the department—and the travel, so far as I know, was all made in accordance with their duties in the department.

STATEMENT OF MR. ABRAHAM L. LAWSHE, THIRD ASSISTANT POSTMASTER-GENERAL.

The CHAIRMAN. Mr. Lawshe, you are Third Assistant Postmaster-General?

Mr. LAWSHE. Yes, sir.

The CHAIRMAN. And have been during the entire period covered by House Document No. 1076?

Mr. LAWSHE. Yes, sir.

The CHAIRMAN. What have you to say respecting the items which appear under the title of the Third Assistant Postmaster-General, in the jurisdiction of your bureau?

Mr. LAWSHE. Mr. Chairman, with your permission, I will take up the items in order, and may be able to save a little time.

The first item is a trip of the Third Assistant Postmaster-General, July 2 to 7, to Rumford Falls, Me. The factory of the contractor who furnishes the postal cards for the department is located at Rumford Falls. There had been a good many complaints of bad postal cards—inferior cards, not up to contract—and that the agency was not well managed. I made a personal visit with a view of determining for myself just what the conditions were. In addition to that, I wanted to know something about the factory and its methods as a whole, so that in correspondence I would better understand statements that were being made to me. I found the conditions bad, that inferior stock was being furnished to the department, and took such steps as were necessary to effect the changes sought. The trip was entirely in the line of good administration.

August 18 to 25, 1907, I made a trip first to Erie, Pa., to attend the National Association of Postmasters of the First Class. I made an address on that occasion which covered the policy of the department on second-class mail matter, about which you will recall there has been a great deal of agitation in the last four or five years. The publishers of the country have been very much interested in the question on account of the alleged drastic policy of the department,

and especially in view of the amended regulations which were announced. I made the first statement as to the present policy of the Post-Office Department relative to second-class matter at Erie, Pa., and the so-called address was published later as a part of a public document (S. 270; H. 686).

From Erie I went directly to Dayton, Ohio, as a matter of convenience, because the stamped-envelope production under my jurisdiction, which had formerly been at Hartford, Conn., had but recently been changed to Dayton. I wanted to see the factory there and learn the conditions with a view to better understanding the questions which might arise in the future.

September 16 to 21, 1907, I attended the convention of the postmasters of Kentucky at Louisville by direction of the Postmaster-General and delivered an address on postal matters.

November 19 and 20, 1907, a similar convention of the New Jersey postmasters was attended at Trenton, N. J.

December 17 and 18, 1907, I went to New York upon invitation of the Periodical Publisher's Association and the postmaster to talk to them upon the subject of second-class matter.

January 27 to 29, 1908, I went to Columbus, Ohio, to address the Ohio Associated Dailies, an organization of newspaper publishers in Ohio, upon the subject of second-class matter.

February 19 to March 4, 1908, I made a trip to Boston to attend the convention of the New England postmasters and addressed them on postal subjects. I went thence to Portland, Me.; Manchester, N. H.; and Hartford, Conn., at each of which places I talked to conventions of publishers as to the policy of the department on second-class matter and the new regulations.

April 21 to 24 the same duty was performed at Charlotte, N. C., where I addressed the North Carolina Press Association on second-class mail matter.

May 6 to June 13, 1908, I addressed the publishers of Florida at St. Petersburg upon the subject of second-class mail matter.

May 20 to June 3, 1908, I made a trip to Indianapolis to attend a meeting of the National Association of Presidential Postmasters of the second and third classes; and went on to Excelsior Springs, Mo., to attend a meeting of the Missouri Press Association, and delivered an address to them. The statement is made in the document before me that I was also at Wabash, Ind. I was not there upon any official business, but recall that I could not return to Washington in the interval, and went there, I think, on Sunday. There was no expense connected with that trip, and it simply accounts for my whereabouts at that time.

June 10 to 13, 1908, I attended the meeting of the National Association of Managers of Newspaper Circulation at Philadelphia, and addressed them on second-class mail matter.

I may add that all of these meetings of press associations and postmasters which I attended were productive of great good to the department. The unsettled condition that had formerly prevailed has become a settled condition. The publishers are now quite familiar with the department's position upon the second-class mailing question and are conforming to its rules. There has been decided improvement in conditions, as you will find by reference to the statis-

tics of the matter in the annual report of the Third Assistant Postmaster-General.

The CHAIRMAN. By the way, is it not an innovation for the expense of attending conventions other than postmasters' conventions or conventions of postal employees to be treated as being part of official duties?

Mr. LAWSHE. I hardly think it is an innovation so far as the executive service as a whole is concerned, but it may be an innovation so far as the Post-Office Department is concerned. For instance, the Agricultural Department sends representatives to address agricultural meetings and discuss agricultural subjects. I have met gentlemen who were out upon that duty, and I think they performed a valuable service to the department and to the country. I have met other gentlemen connected with other departments who were discussing public matters with associations concerned. While it may be an innovation, I think it is a time-saving and expense-saving innovation. I think the results have been beneficial and have justified the efforts made; that attendance upon such conventions is strictly official business and in the line of good administration. It has been a means of education so far as the second-class mail matter question is concerned, which I think the department ought to have employed long ago. When I attend a convention of postmasters I talk to them upon matters that come under my jurisdiction in the department. The result is less correspondence, fewer misunderstandings, and better treatment of all subjects. You speak to the postmasters collectively when you could not see them separately.

Traveling expenses of A. M. Travers, chief clerk, July, October, and November, 1907. This was in connection with the manufacture of stamped envelopes. Just at this particular time (July, 1907) the contract was changed from Hartford, Conn., to Dayton, Ohio, and it was necessary to transfer the entire agency force from Hartford to Dayton. In order to supply the daily demands for stamped envelopes that transfer had to be made with the least amount of delay and confusion. It was just like transferring a great business from one place to another. We had to tear down in one place and build up in another. I sent Mr. Travers to Hartford to supervise the transfer of the effects of the agency. Following that, I sent him to Dayton to help supervise the installation of the work there. Each of his trips to Dayton was in connection with matters relating to the establishment of the agency at Dayton. He also went to Cincinnati to consult the Superintendent Railway Mail Service relative to shipments of stamped envelopes.

The next item is that of H. H. Thompson, superintendent of the Division of Finance, who made a trip covering Pittsburg, Chicago, and St. Louis. We have been making changes in our bookkeeping methods and entry methods, and as this division has supervision over deposits of postal revenue, I wanted him to see the methods employed by the different offices so that we might learn something from or impart something to the best postmasters, to secure uniformity as nearly as possible. His trip was decidedly beneficial. He went to New York and Philadelphia on the same business in the trip which follows.

The next item is that of J. H. Reeve, then superintendent of the Division of Stamps, who was kept at Dayton, Ohio, for sometime

in the previous fiscal year, and one day in July, 1907, as a sort of acting agent, while the new factory was being put into operation, and until it was in operation, because the agent had to remain at Hartford until the transfer was completed. In order to complete the installation of the factory at Dayton and get it into successful operation by July 1, 1907, they had to begin experimental production prior to that. In other words, there was an overlapping that made it necessary to have supervision at Hartford and at Dayton at the same time. Major Reeve's trip in October and November, 1907, was for the purpose of assisting the agency in catching up with orders.

Mr. Fitch's expense was in the same connection. That is, in connection with the transfer of the stamped-envelope factory and agency from Hartford to Dayton. He took Major Reeve's place after July 1. I want to call attention, therefore, to an error in the date in this document. His presence at Dayton was required from June 29 to September 1, 1907, instead of from August 1 to September 1, 1907, thirty-two days longer, which explains the large item. The trip of Mr. Fitch to Greensboro, N. C., in February, 1908, was in connection with the establishment of a depot for the distribution of stamped paper and postal cards. We have had great difficulty in getting storage room in post-offices for that purpose, and he went there with a view to making such changes as would give us the space needed. The next item is that of Mr. Zantzinger, who was appointed agent at Rumford Falls, and went from the department to take charge of the agency, incurring thereby the expense stated.

The next item is that of Mr. C. H. Fullaway, who went to New York in connection with the installment of a double-entry system of bookkeeping and to look into the method of purchasing foreign exchange and other matters in connection with securing uniform methods of bookkeeping. His trip to Dayton, Ohio, in November was for the purpose of installing the double-entry system of bookkeeping at the agency and his trip there in January was in connection with the same work.

On the next page his trip to St. Louis was for the purpose of installing the double-entry method of bookkeeping at the subagency at St. Louis; in fact, all of his trips have been in connection with installing the double-entry system of bookkeeping in the department and at its agencies. He is the expert accountant of the department, appointed as such.

The next few items, covering H. L. Lewis's continued stay at Dayton, Ohio, arose by reason of the fact that Mr. Lewis was the clerk in the department who had charge of correspondence with the Dayton agency. The affairs of the agency were not in good shape, and I sent him there to teach the employees of the agency proper departmental methods and departmental system. It was necessary for him to remain because of the time lost in moving the agency from Hartford to Dayton. It took from a week to ten days for the effects of the agency to be transferred; they fell behind and had to have help to finally catch up.

That concludes the travel under the supervision of the Third Assistant Postmaster-General.

The CHAIRMAN. What results, if any, have you noticed from the changed methods in bookkeeping?

Mr. LAWSHE. The results are very beneficial. We are able to know just where we stand with respect to a good many things that formerly were not well brought out. In our stamp division we are able to make a balance sheet, by States, at the close of every month, and we have no trouble in bringing it out in absolute balance.

The CHAIRMAN. What difference of expense is there in the accounting?

Mr. LAWSHE. I do not think there is any; in fact, I think the expense in the Stamp Division has been less rather than greater.

The CHAIRMAN. Do you think there is assurance of greater accuracy under the present system?

Mr. LAWSHE. We feel that we have entire accuracy now, because we can not balance unless we are accurate. The system is the proof of accuracy.

The CHAIRMAN. Previously you were not certain whether you were accurate or not?

Mr. LAWSHE. We did not know.

The CHAIRMAN. Do you have an inspection force?

Mr. LAWSHE. I have none—that is, no inspection force, as such. I have six special agents of the Division of Classification employed in connection with second-class mail matter, and I have six assistant superintendents in connection with the Division of Registered Mails. The work of the latter covers the registration of mail matter; but it can hardly be called inspection. It is instruction rather than inspection. We depend upon inspectors for inspection. The special agents of the Classification Division perform a special line of work requiring special knowledge, and they are employed exclusively on second-class mail matter.

The CHAIRMAN. Do you know of any investigation by any subordinates of the department of the problem of postal savings banks and parcels post?

Mr. LAWSHE. I know of none under my supervision, excepting that, I will say, incidentally, that I think I discussed to some extent postal savings banks in my address at Trenton, N. J.

STATEMENT OF MR. CHARLES A. CONRARD, CHIEF CLERK, POST-OFFICE DEPARTMENT.

The CHAIRMAN. Mr. Conrard, you are chief clerk of the Post-Office Department?

Mr. CONRARD. Yes, sir.

The CHAIRMAN. What information can you give us touching these matters contained in House Document No. 1076?

Mr. CONRARD. The first item covers a trip of the Postmaster-General. I did not ask him what business he was on. It is recorded as "Official inspection, \$19.25." That is the only trip of the Postmaster-General which is charged to his appropriation for travel during the entire year.

The next is a trip of Mr. G. F. Shaw, to Berkeley Springs, W. Va. One of the clerks in the office took some papers from the building under the pretext that he wanted to bring the records up to date, and it seems that he got to drinking and would not send the papers back; so Mr. Shaw went up to Berkeley Springs, where this man is located, and got the papers. Afterwards the clerk was removed.

The CHAIRMAN. Do you mean dismissed?

Mr. CONRAD. Yes, he was removed for cause, as I recall it.

The next was a trip by Mr. G. S. Paull, the appointment clerk, to Baltimore. A firm in Baltimore had been given a contract for the purchase of waste material from the department, and the contract was improperly executed, it was learned; and as some material had already been delivered, it was important to have the contract executed in correct form at the earliest possible date.

Mr. Paull, who is a part of the chief clerk's force, was sent to Baltimore to take care of the matter instead of taking it up by correspondence.

The CHAIRMAN. Have you any information respecting these matters except what is contained in the document?

Mr. CONRAD. Well, I have about these particular items that affect the force of the Postmaster-General's office, but this document is prepared on information furnished by the several bureaus in the department up to the 1st of July. From that time on we have been keeping a record of this travel as it occurs right in my office, so that we would not have difficulty hereafter in compiling it at the end of the fiscal year. This is the first report of the kind that has been made, and necessarily it was gotten up in the manner I have stated.

The CHAIRMAN. By the way, who got up the part with reference to the Postmaster-General, and down to that of the First Assistant Postmaster-General?

Mr. CONRAD. It was gotten up by an employee in our office from the auditor's records. He examined the accounts in the auditor's office and made the necessary notations, from which this record is made. I think that was the case with the several officers. They got the information in that way from the auditor.

As to the trips of the private secretary accompanying the Postmaster-General on official inspections—three or four items—I am not informed as to just the nature of the business he transacted, except that he accompanied the Postmaster-General; but the item relating to the trip to Buffalo and Erie was in connection with the postmasters' convention at Erie. The word "Buffalo" is inserted twice there erroneously. He simply went by way of Buffalo and stopped there between trains.

The next item is a trip to Canton, which was to attend the National Convention of Letter Carriers. The word "Bloomington" should read "Peoria," where he attended the National Convention of Post-Office Clerks. He was at Chicago in connection with the general service at Chicago. He had been an Assistant Superintendent of the Salary and Allowance Division, one of the traveling agents, and he met the First Assistant Postmaster-General at Chicago in connection with inquiries relating to the South Chicago and the Stock Yards stations.

There are two items here, the first one in relation to R. P. Goodwin, in connection with the trial of E. G. Lewis. Do you know about that, Mr. Lawshe?

Mr. LAWSHE. That is a second-class mail question, and the judge was there as a witness.

Mr. CONRAD. Yes; both of these are second-class mail matter cases.

The items here relative to the purchasing agent's office can be explained by Doctor Briggs, the chief clerk of that office.

The item on page 3 covering the trip of G. G. Thomson to Minneapolis and Detroit, covers his expenses in connection with his trip to those points to attend the conventions of the Minnesota and Michigan state associations of postmasters, respectively.

The other item you discussed with Doctor Grandfield as to the parcels-post investigation. He visited those cities for the purpose of getting data for the postmasters on the subject of parcels post.

The CHAIRMAN. Right there. Do you know of the detail of any inspectors or special agents or assistant superintendents or any other employees of the department for the purpose of investigating the question of the extension of the parcels-post system, or of the establishment of the postal savings banks?

Mr. CONRAD. No, sir; I do not know anything about that.

The CHAIRMAN. You know nothing about the detail of an inspector to investigate the question in Canada?

Mr. CONRAD. I don't know that I do further than that I noticed in a document the report of an inspector. I think it was Mr. Keene.

The CHAIRMAN. Carter B. Keene?

Mr. CONRAD. Yes; on the postal savings bank in Canada. I read this last spring when the document was printed, but I do not know anything about the details of the matter at all, and do not know how long he was there, or do not recall really whether he was there, but I presume he was there in order to make an investigation.

The CHAIRMAN. The chief inspector stated that there had been an inspector in Canada.

Mr. CONRAD. Of course, the inspectors are under the chief inspector's jurisdiction, and not under mine, so that I would not necessarily know anything of it.

The CHAIRMAN. You do not know of any other besides Mr. Keene?

Mr. CONRAD. No, sir; I do not.

The CHAIRMAN. Were his services rendered within the period covered by this document?

Mr. CONRAD. I don't know that. I do not know when he made the trip.

The CHAIRMAN. Can you ascertain?

Mr. CONRAD. Yes.

The CHAIRMAN. And if it was within the period, why his name was not included in the list.

Mr. CONRAD. Perhaps I can tell you that. The statute requires a report "showing in detail what officers or employees (other than special agents, inspectors, or employees who, in the discharge of their regular duties, are required to constantly travel) have traveled on official business from Washington to points outside of the District of Columbia." Mr. Keene is an inspector, so that his travel would not appear in this document in our report, as required by this legislative act. That is the reason it is not there. Of course, we are not supposed to include the travel of inspectors.

The next is the third item on page 4, the trip of Mr. M. O. Chance, who was then chief clerk of the department, to Columbia, S. C., where he addressed the South Carolina State Association of Postmasters.

The next are two trips of Mr. G. G. Thomson, the assistant chief clerk of the department. The first is to Scranton, Pa., where he addressed the Pennsylvania State Association of Post-office Clerks;

and the next to Cortland, N. Y., where he addressed the New York State Association of Post-office Clerks.

The other items in the Postmaster-General's office are those of the purchasing agent on page 2.

The CHAIRMAN. And that ends your items?

Mr. CONRAD. Yes, so far as the Postmaster-General's office is concerned.

(At 11.55 a. m. the committee adjourned to meet at 10 o'clock Thursday, January 14, 1909.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
House of Representatives, Thursday, January 14, 1909

The committee met this day at 10 o'clock a. m., Hon. Irving P. Wanger (chairman) presiding.

**STATEMENT OF MR. O. H. BRIGGS, CHIEF CLERK, OFFICE OF
PURCHASING AGENT, POST-OFFICE DEPARTMENT.**

The CHAIRMAN. Mr. Briggs, suppose we take up first the matter that was up yesterday. This is a further hearing with respect to House Document No. 1076, second session, Sixtieth Congress. Mr. Briggs, what have you to say with reference to the items there, with respect to the purchasing agent?

Mr. BRIGGS. The first item that appears here is an expense for travel for letter-box painting, New York, New London, and Norwich. In this connection I will state that the Post-Office Department has no contract at the present time for letter-box painting, and has not had for several years. Various manufacturers and dealers who have desired to interest the department in the subject have offered to submit paints for test purposes. Such offers have usually been accepted, and postmasters, usually in two cities in different portions of the country—ordinarily one in the interior part and the other on the seaboard—have been directed to have the paint applied on letter boxes connected with their offices. After those paints have been on for a certain length of time, usually for a year or two—there has been no definite time—they have been inspected by the post-office inspectors, and by Mr. Cochran several times, to ascertain the relative merits of the different kinds of paint that had been tested, and this particular expense item is in connection with one of those inspections.

The CHAIRMAN. Was it discovered what was the most meritorious letter-box paint?

Mr. BRIGGS. I think that there have been, during the past four or five years, tests made of at least fifteen different kinds of paint, and one kind or another has been eliminated as the result of these tests. The department has only purchased from two different manufacturers. The Carrara Paint Company, of Barberton, Ohio, has furnished the greater quantity of the paint used by the department for such purposes during the last four years. Paint manufactured by the Sherwin-Williams Company, of Philadelphia, has been purchased

and is being used at the present time, as it is considered to be a rather more satisfactory paint than the other, and at a slightly less price.

The CHAIRMAN. The tests have demonstrated the superiority of the paint furnished by these two concerns, have they?

Mr. BRIGGS. I think so.

The CHAIRMAN. What was the character of the tests?

Mr. BRIGGS. Well, similar tests have been used in both instances, and as I stated before, certain cities would be selected by the department for the use of a particular kind of paint. Those cities, as I stated before, usually are selected in different parts of the country, so as to subject the same paint to different climatic conditions. The climate in the interior will affect the paint differently from that on the seaboard, ordinarily. The seaboard test is the most severe, on account of the salt air, I presume.

The CHAIRMAN. Well, does the same paint manifest superiority in the interior and at the seaboard, or are some of the paints better at the seaboard than other paints, which are superior in the interior, and vice versa?

Mr. BRIGGS. I am inclined to think that they do, that they differ; that what is more suitable at one place is not as suitable at another. I think that the experiments of the department have proven that.

The CHAIRMAN. Is there a record of these experiments?

Mr. BRIGGS. Yes, sir. There is a very extensive file on the subject.

The CHAIRMAN. Kept in your office?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. At the present time you are giving preference to the Sherwin-Williams paint?

Mr. BRIGGS. That is being purchased at the present time.

The CHAIRMAN. Both for interior painting and at the seashore?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. One kind, or different kinds?

Mr. BRIGGS. I think it is the same kind.

The CHAIRMAN. Then, that is an exception to what you stated a moment ago, that what is superior for the seashore is not always best for the interior and vice versa?

Mr. BRIGGS. Not always; that is right. I think that that statement would apply to some of the paints, but not to all.

The CHAIRMAN. You may proceed.

Mr. BRIGGS. The second item, July 21, 1907, is a trip to White Haven, Pa., for inspecting facing slips. That might have been more properly stated if it had been designated as "facing slip paper." The contractor for printed facing slips in the United States at the present time is the Feist Printing Company, of White Haven, Pa. The paper which is furnished to the manufacturer out of which the slips are made according to contract with the manufacturer is obliged to be inspected by some representative of the department before the manufacturer is allowed to print and cut the same into facing slips.

The third item, August 19-25, is attendance at the National Association of First-Class Postmasters. That was in accordance with a designation of Mr. Cochran for that purpose made by the Postmaster-General.

August 30-31, New York money-order and twine contracts. This was the termination, or very near the termination, of a four-year

contract for money-order blanks with Paul Hermann, of New York, the end of said contract being September 3, 1907.

A provision was incorporated in said contract reading as follows:

Should the interests of the Government require, the contract may be extended beyond the time named, not exceeding three months, by order of the Postmaster-General, and the contract prices and all conditions herein set forth shall govern in such extended contract.

On account of some necessary delays which occurred in putting the specifications for the new contract into proper form an extension of three months' time was directed in an order made by the Postmaster-General, and it was in connection with arranging some details regarding this extension which caused Mr. Cochran to visit New York on this business, although he did at that time attend to rather a small matter in connection with twine. Owing to a slight misunderstanding of the award of contract for a certain minor twine item, made to J. P. Naurath, of New York, Mr. Cochran called on him in order to obtain a definite and distinct understanding and statement from him regarding that matter.

September 6-9 Mr. Cochran visited New York in connection with postal cards, as noted here. About this time some disagreement arose between the department and the present contractor for postal cards, and a situation arose whereby it seemed to the department possible that the present contractor might throw up his contract, and Mr. Cochran's visit to New York on that occasion was to see what arrangements could be made in case anything of the kind did happen.

The item of September 26-28, High Point, N. C., was an inspection of rural furniture. All rural furniture is manufactured at that place by R. F. Dalton. The furniture consists of routing tables and stools. As fast as a quantity of this furniture is made ready for delivery the department is notified and an inspection of the furniture on hand is made before shipment of the same, and this accounts for Mr. Cochran's visit to High Point.

October 6-11, New York, Springfield, Worcester, and Boston, official envelopes. The term "official envelopes" here is employed to distinguish the envelopes which were used in the postal service from those envelopes which were used in the Post-Office Department and other executive departments here in Washington. A four-year contract was advertised for in June previous to this date for both kinds of envelopes, but owing to the fact that but only one bid was received for official envelopes, which the Postmaster-General considered to be excessive in price, no award was made, and a new advertisement was issued. In the meantime, in order to supply the needs of the postal service, such envelope items as could be utilized for that purpose were bought out of the contract known as "envelopes for the executive departments," and were distributed in the postal service. The new contract was let and became operative November 1, 1907. In the meantime the contractors who were furnishing envelopes for the postal service out of the executive contracts became "swamped." In other words, they were unable to promptly fill their orders, and the department was considerably embarrassed by the delay. Mr. Cochran's travel in this instance was to investigate the facilities of different envelope manufacturers in the cities named and their willingness to enter into an exigency contract to furnish a suffi-

sufficient number of envelopes to meet the immediate requirements of the service until the new contract for official envelopes was fully under way and the new contractor could furnish a sufficient quantity.

The CHAIRMAN. What was the result of the investigation?

Mr. BRIGGS. Contracts were entered into by only two companies, I think. One was in Worcester, Mass., and the other was in Richmond, Va.

The CHAIRMAN. And how did the prices compare with the prices under the new contract?

Mr. BRIGGS. They were slightly higher.

The CHAIRMAN. You can furnish the figures?

Mr. BRIGGS. Yes, sir. These contracts were made only to relieve temporary embarrassment.

Statement of comparison of prices for envelopes covered by official envelope contract for the period 1907-1911 and exigency requisition No. 89, dated October 2, 1907.

Item No.	Estimated number required under exigency requisition.	Price per M, new contract with United States Paper Goods Co.	Prices per M, exigency requisition.		Difference.	
			New England Envelope Co.	Union Envelope Co.	Unit price.	Estimated total.
9000.....	600,000	\$0. 42	\$0. 40		^a \$0. 02	^a \$12. 00
9005.....	4,250,000	. 53		\$0. 60	^b . 07	^b 297. 50
9015.....	17,000,000	. 60		. 67	^b . 07	^b 1,190. 00
9020.....	4,500,000	. 90		. 90	(^c)	(^c)
9025.....	625,000	1. 20		1. 20	(^c)	(^c)
9045.....	18,000	2. 47		2. 71	^b . 24	^b 4. 32
9055.....	30,000	2. 85		3. 15	^b . 30	^b 9. 00
9060.....	17,000	4. 75		5. 00	^b . 25	^b 4. 25
9065.....	10,000	5. 75		6. 00	^b . 25	^b 2. 50
9070.....	2,000	6. 90		7. 50	^b . 60	^b 1. 20

^a Less.
^b More.
^c Same.

The CHAIRMAN. Who stood that loss?

Mr. BRIGGS. The department.

The CHAIRMAN. There was no deduction made from the moneys that were afterwards earned by the new contractor?

Mr. BRIGGS. No, sir. The exigency contracts were directed to be made by the Postmaster-General, who became considerably interested in the matter, owing to many complaints which were being received from different postmasters on account of the insufficient supply of envelopes furnished to them.

The CHAIRMAN. Who is the contractor for the official envelopes?

Mr. BRIGGS. The United States Paper Goods Company, of Cincinnati, Ohio.

THE CHAIRMAN. And during what period now have they been meeting the needs of the department?

Mr. BRIGGS. Entirely since February.

The CHAIRMAN. 1908?

Mr. BRIGGS. Yes, sir; about that time.

The CHAIRMAN. I see that the visit to Richmond was made February 10 and 11, 1908.

Mr. BRIGGS. Yes, sir. That visit to Richmond was not on this particular matter. That is, there should be a distinction drawn in this way: The contractor, the Union Envelope Company, of Richmond,

Va., was one of the principal contractors for executive envelopes and, as I stated before, owing to the excessive calls of the department on those contractors—far beyond the estimated quantities—in order to supply the postal service they got away behind, and there was considerable complaint made and some little difficulty encountered in the matter of inspecting these envelopes at Richmond, Va. It was in that connection that Mr. Cochran visited Richmond.

The CHAIRMAN. Was this default by reason of the failure of the new contractor for official envelopes to furnish them as called for by his contract, or was it by reason of unusual and extraordinary demands by the department?

Mr. BRIGGS. It was on account of unusual and extraordinary demands. I think that the new contractor for official envelopes, at the time that he entered upon his contract, was able to supply the department with what would be considered its current needs, but it was in order to relieve the existing congested condition of affairs that had arisen in the way I have explained which occasioned the unusual and extraordinary demands.

The item of April 20–21, 1908, is in regard to changes in money-order blanks and numbering machines. That trip was taken by Mr. Cochran after some consultation with the Third Assistant Postmaster-General's office, with a view of changing the design of the money-order form. The matter of the numbering machines mentioned is somewhat indefinite in my mind. I do not particularly remember that.

The CHAIRMAN. Are each of the persons named in this document carried by the railroads free of charge for transportation?

Mr. BRIGGS. It would be impossible for me to give you a positive answer on that subject, although I am inclined to think that they are; that is, not that they are carried free for all purposes at all times, but for the specific duties for which they have been assigned to make their trips. I will state in this connection, before concluding with Mr. Cochran's items of travel, that there is a special appropriation in the legislative bill of \$500, and has been for the past two Congresses, for travel expenses for the purchasing agent. It is not to cover miscellaneous expenses of the office; it is for travel expenses pure and simple.

The CHAIRMAN. Well, do you understand that any part of the expenses mentioned as to Mr. Cochran in this list were for railway transportation?

Mr. BRIGGS. No; Mr. Cochran had a travel commission.

The CHAIRMAN. Is there anything further?

Mr. BRIGGS. No, sir.

The CHAIRMAN. On January 6, you stated that at the termination of the fiscal year 1907 there was a large quantity of ink on hand in the Division of Supplies. Have you the data as to that?

Mr. BRIGGS. I think that I said it was my understanding that there was. The facts connected with the ink proposition are as follows: During the fiscal year ending June 30, 1907, the R. P. Andrews Paper Company was the contractor for furnishing the department with Paul's ink.

The CHAIRMAN. Writing fluid, it was designated.

Mr. BRIGGS. Yes, sir; writing fluid. The R. P. Andrews Paper Company was contractor for Paul's ink under item No. 230, calling

for writing fluid, the estimated quantity of which was 2,500 dozen quarts. Up until March 25, 1907, only 310½ dozen ink (quarts) was purchased under this contract. On April 3, 1907, in response to a requisition from the Fourth Assistant Postmaster-General, Division of Supplies, an order was placed with the R. P. Andrews Paper Company for 1,800 dozen quarts. This was late in the year, and the contractor was not particularly prompt in making the deliveries. The purchasing agent received a communication from the Fourth Assistant on May 4, 1907, approximately a month after the order was given, in which he stated that but 21 dozen quarts of fluid had been furnished during that time, and said that letters and telegrams were being received daily, showing that the supply was exhausted in many of the larger offices, and that the Post-Office Department had no stock on hand from which requisitions then on file could be filled. He further said that he was convinced that the contractor upon whom the order was drawn would not deliver the goods in accordance with the contract requirements, or with any degree of satisfaction to the department, and requested the purchasing agent to go into the open market and purchase a portion of the ink called for on this order. It was suggested that the Carter's Ink Company might be willing to furnish the writing fluid under the contract with the department item No. 231. In response to this letter a communication was addressed to the R. P. Andrews Paper Company, setting forth the statement made by the Fourth Assistant Postmaster-General, and requesting from said company a full and complete statement covering the time within which delivery of the order would be made, and as to the contractor's ability to furnish the supplies called for without delay.

On May 9 the contractor advised that it had been an utter impossibility to secure the necessary number of bottles from the glass manufacturers at this time, as it was very near the end of the blast—you understand that glass factories suspend work during the summer—but that they had gone into the open market and secured the necessary number of bottles, and that the manufacturers had assured them that the shipments would be made every week until the order was completed. The purchasing agent then addressed different manufacturers of standard ink over the country, but was unable to obtain from them any satisfactory statements as to their ability or willingness to furnish ink without considerable delay, and the Fourth Assistant Postmaster-General was fully advised. This particular order of ink was completely delivered in ten partial shipments, commencing with April 18 and ending August 8. After the commencement of the fiscal year 1908, 927 dozen of this ink was delivered, and of course, after the commencement of the fiscal year a new contract was available from which purchases might have been made if they were required.

I will state that in addition to this order of 1,800 dozen, 80 dozen were subsequently ordered—20 dozen at one time, and 60 dozen at another—for departmental use. This 1,800 dozen, which I have referred to as being called for on April 3, was for the postal service and for delivery at the Division of Supplies.

During the fiscal year 1908 Lamb & Tilden were contractors for furnishing this item of ink and were to supply Pomeroy's ink. The estimated quantity which was advertised for was 2,000 dozen quarts

and 500 dozen pints. No orders for this ink were placed with the contractor during the term of his contract, excepting for 20 dozen, which was purchased on the 10th of October for departmental use.

The CHAIRMAN. How is that? Just repeat that.

Mr. BRIGGS. No ink was furnished by this contractor, Lamb & Tilden, during the entire term of his contract, excepting 20 dozen of the ink, which was purchased on October 10, 1907, for department use. In the specifications for 1908 an estimated quantity of 50 gross of ink tablets was made. The contract was awarded to Harry D. Kirk, of Chicago. From the commencement of his contract until January 9, 1908, he had furnished 1,600 dozen, whereas the estimated quantity was only 600 dozen, as before stated.

Mr. JACKSON. That was a thousand dozen above his contract?

Mr. BRIGGS. Yes, sir. I think this explains quite fully my statement that there was quite a quantity of ink—or that I understood that there was quite a quantity of ink—on hand in the Division of Supplies at the commencement of the fiscal year 1908.

The CHAIRMAN. In other words, July 1, 1907? Is that when you mean?

Mr. BRIGGS. Yes; that is right.

The CHAIRMAN. What was the price of the Paul writing fluid per dozen quarts?

Mr. BRIGGS. \$1.30 a dozen.

The CHAIRMAN. And what was the price of the Pomeroy per dozen quarts?

Mr. BRIGGS. \$1.34 for quarts and 95 cents for pints.

The CHAIRMAN. Do you know whether the Paul ink was ever chemically examined by the Bureau of Standards or of Chemistry?

Mr. BRIGGS. I do not; not to my knowledge.

The CHAIRMAN. You have no knowledge as to whether it would have stood the test as a desirable ink for permanent records or not?

Mr. BRIGGS. The Paul ink; no.

The CHAIRMAN. The ink was furnished under the call which preceded July 1, 1907, was it?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. But the deliveries were nearly all made after that date, or very largely? How many of them? What quantity of them?

Mr. BRIGGS. Nine hundred and twenty-seven dozen of the 1,800 dozen originally called for; the last delivery being made on August 8, and it amounted to 317 dozen.

The CHAIRMAN. Was that an unusual or a usual occurrence, for deliveries to be made outside of the year in which contracted for?

Mr. BRIGGS. Rather unusual. If the contractor had been able to furnish this ink, the order would have been fully completed before the termination of the fiscal year 1907.

The CHAIRMAN. Was it not the legal right of the contractor for the fiscal year beginning July 1, 1907, to supply the department with writing fluid he had offered, providing it was of the quality called for by the contract and specifications?

Mr. BRIGGS. I think so; yes, sir. But I do not think that his right would have in any way interfered with the completing of the order which had been previously drawn under the conditions as stated.

The CHAIRMAN. Do you know why orders were not drawn earlier than the date given by the Fourth Assistant Postmaster-General?

Mr. BRIGGS. I do not.

The CHAIRMAN. What is the date of the preceding request from the Division of Supplies on the Fourth Assistant Postmaster-General for this character of ink?

Mr. BRIGGS. The Paul's ink?

The CHAIRMAN. Yes; prior to the date of the letter you read?

Mr. BRIGGS. On July 5, 1906, 100 dozen were purchased, and on October 12, 1906, 200 dozen were purchased for the postal service upon requisitions drawn by the Fourth Assistant Postmaster-General.

The CHAIRMAN. Now, was there any intervening requisition between October, 1906, and April, 1907?

Mr. BRIGGS. None for the postal service, excepting the one-twelfth dozen, which is indicated here. It was a sample. It is customary for the department to purchase samples after they have been accepted.

The CHAIRMAN. Do you know of any reason for delaying requisitions for this ink and then calling for such a very large quantity in April, 1907?

Mr. BRIGGS. I presume it was the result of a change of policy in the matter of supplying postmasters, or distributing supplies to postmaster, as I think that previous to the first of January, 1907, it had been customary for supplies to be furnished of a sufficient quantity to cover about three months' needs, but on January 1, 1907, a notice was published in the Postal Guide giving a list of such supplies as were under contract, and requesting postmasters to make requisitions for a year's supply.

The CHAIRMAN. And that there was an inadvertence in preparing for fulfilling or making due preparations for carrying out that policy promptly?

Mr. BRIGGS. I do not know that I care to express an opinion on that, Mr. Chairman.

The CHAIRMAN. When was the contract given for the supplies for the fiscal year beginning July 1, 1907?

Mr. BRIGGS. I do not know that I quite understand that, Mr. Wanger.

The CHAIRMAN. What is the date of the awarding of the contracts for furnishing supplies to the postal service for the fiscal year beginning July 1, 1907?

Mr. BRIGGS. The award was made some time during the month of June, previous to the 1st of July, 1907.

The CHAIRMAN. Order No. 455, award of contract?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. That is dated June 21, 1907.

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. Was it known prior to that, to the employees of the department, as to what the award would be?

Mr. BRIGGS. No, sir.

The CHAIRMAN. Do you have any idea that the change of contractors for supplying this ink had anything to do with the requisition for this large quantity of writing fluid so near the end of the fiscal year?

Mr. BRIGGS. I do not think so.

The CHAIRMAN. You have heard no accusation of that kind?

Mr. BRIGGS. No, sir.

The CHAIRMAN. Was any complaint made by Lamb & Tilden against the acceptance of this ink from the contractor for the previous year?

Mr. BRIGGS. No, sir; not to my knowledge.

The CHAIRMAN. You say the supply of ink tablets largely exceeded the estimated quantity?

Mr. BRIGGS. Yes, sir.

The CHAIRMAN. Do you know whether or not the ink tablets were used in a much more extensive degree than had been contemplated when the estimates were made?

Mr. BRIGGS. Well, on the face of it, I should say they were.

The CHAIRMAN. Do you have any knowledge as to what extent it was intended the tablets should be used?

Mr. BRIGGS. Yes, sir. In response to a request from the Postmaster-General for the purchasing agent to state why ink tablets were used, a communication was addressed by Mr. Cochran to Mr. Thorp, who was chairman of the committee of awards. He replied in a letter to our office, dated April 4—

The CHAIRMAN. You are referring now to Mr. E. H. Thorp, are you?

Mr. BRIGGS. Yes, sir. He replied in a letter to our office, dated April 4, 1908, from which I will make a short quotation. It reads:

It was not our intention that the ink tablets should supplant writing fluid, our idea being that they would be furnished experimentally to postmasters in limited quantities only, the ink made from them to be used in post-office lobbies and for other ordinary purposes. We were advised that inks thus prepared had been used by banks and other semipublic institutions in this way, and that experiments on these lines had indicated that ink good enough for common use could be obtained in this way more cheaply than otherwise, and it seemed to us that it was particularly desirable to ship tablets rather than ink itself, as marked economies in the labor of handling, freight, and so forth, could be effected in addition to the less initial cost.

The CHAIRMAN. I think that is all, unless there is something further you wish to state.

Mr. BRIGGS. You made an inquiry in regard to street directories.

The CHAIRMAN. Yes. The current appropriation act for the Post-Office Department contains an item for procuring street directories of the principal cities of the United States for the postal service. Has the contract been given for that?

Mr. BRIGGS. It has.

The CHAIRMAN. At what price?

Mr. BRIGGS. The specifications that were issued for the street directory called for the largest number of street directories that could be furnished for the appropriation provided.

The CHAIRMAN. Twelve thousand dollars?

Mr. BRIGGS. Yes, sir. There were ten bids received, at varying prices, and inasmuch as those bids are somewhat complicated, from the fact that you will notice on page 6 of the specifications the form in which the bids were invited, I will submit to you a copy of the report of the committee appointed by the Postmaster-General to open and examine these bids, and will make a short quotation from page 4 of this report, which says [reads]:

It will be seen that the bidders did not thoroughly understand in what form to present their figures, but the committee found that all of the bids for the first edition were reducible to terms of the number of copies of an 830-page book procurable for amount of the appropriation.

The Manhattan Press proposed to furnish 18,300 copies according to the figures, and that was the largest number in the ten bids submitted.

The CHAIRMAN. How long had it been since there had been an edition of a street directory for the department, for the postal service?

Mr. BRIGGS. I can not tell you how long since a revised edition was put out. I think the first edition of the last street directory was furnished by the Government Printer fourteen years ago.

The CHAIRMAN. These directories are distributed to whom?

Mr. BRIGGS. They are distributed to presidential postmasters to a greater extent, I presume, than to anyone else, and particularly to offices having city delivery.

The CHAIRMAN. Having what?

Mr. BRIGGS. City delivery. I will add that the Public Printer was invited to submit a bid for furnishing these directories, but neglected to do so; and in this connection I will state that the Post-Office Department advertised for printing catalogues for the dead-letter sale, the payment of which was to be made out of the proceeds of such sale. I only refer to the matter for the purpose of quoting a portion of a letter from the Public Printer, showing his attitude respecting the matter of printing and binding. It is dated October 15, 1908, and reads in part as follows [reads]:

Referring to a circular proposal submitted to this office covering the printing of 6,000 copies of catalogues for the Division of Dead-Letter Sales, and so forth, I have the honor to state that while the Government Printing Office does not wish to be placed in the position of competing with commercial establishments for printing and binding, it submits an estimate thereon, based on 276 pages at \$5.72 per page, or a total of \$1,579.55 for 6,000 copies.

This contract was awarded to the Wilkens-Sheiry Printing Company, of this city, at \$2.90 per page, or \$797.50 for 6,000 copies of 276 pages. That, also, gives you an opportunity of making a comparison of prices. That is all.

The CHAIRMAN. Did the Division of Supplies have the letter expressing the views of Mr. Thorp, which you say was addressed to the purchasing agent, so far as you know?

Mr. BRIGGS. On April 6 the entire matter was presented by the purchasing agent to the Postmaster-General. Whether it went beyond that I can not state.

The CHAIRMAN. That is all. We are very much obliged to you

THE COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
Wednesday, January 20, 1909.

The committee this day met, Hon. Irving P. Wanger in the chair.

STATEMENT OF MR. P. V. DE GRAW, FOURTH ASSISTANT POST-MASTER-GENERAL.

The CHAIRMAN. What sort of a rural carriers' convention was that for which the item "W. R. Spilman, \$19.25" occurs?

Mr. DE GRAW. That was a Michigan convention held at Flint—a state convention.

The CHAIRMAN. And the next item?

Mr. DE GRAW. Brookfield?

The CHAIRMAN. Yes, sir.

Mr. DE GRAW. That is the same.

The CHAIRMAN. What State?

Mr. DE GRAW. Missouri.

The CHAIRMAN. You think it was a state convention of rural carriers?

Mr. DE GRAW. It must have been, because Mr. Spilman has not attended any other conventions.

The CHAIRMAN. What are the proclaimed objects of those conventions?

Mr. DE GRAW. The rural carriers in each State have an organization which they call a fraternal and beneficial organization, and they each have meetings throughout the year. Most of them occur during the summer months. The officers of the respective associations are very urgent in their appeals upon the Postmaster-General to have the department represented, principally for the purpose of answering questions. While the department does not undertake to attend any great number of these conventions, wherever we think it is important that a representative of the department should be present and it is feasible to make a detail the requests are granted. That general statement covers all of the cases appearing opposite Mr. Spilman's name.

There are a great many meetings of state conventions held in the neighborhood of inspectors' headquarters, which inspectors are detailed to attend for the purpose of answering questions. While all the state conventions are urgent in their appeals for representatives, we made a rule in the department that the Superintendent of Rural Delivery should attend only the most important. I have attended personally but two postmasters' conventions, representing the Postmaster-General, and one rural carriers' annual convention, the latter held at Atlanta in 1907. I had promised those people that I would try to attend their annual meetings, but that they must not expect me to attend any others. The fact that the state conventions have been attended, however, has been a great boon to the service, as it has held the vast number of carriers under control, and where they feel that there is anything that should be done for their interests they have contracted the habit of submitting their suggestions to the department in order that the subject may be intelligently laid before Congress. Personally, I believe, if we had not followed this course there would have been a great deal of dissatisfaction among rural carriers on account of differences of opinion, which would have been developed at the conventions. As it is, we assure them in our conferences that if they have any grievances we are always willing to take them up, and if we deem it essential or proper, to submit them to Congress for consideration.

The CHAIRMAN. The remarks you have made apply to the items generally for attendance at postmasters', rural carriers', and good roads conventions?

Mr. DE GRAW. Yes, sir. And I should add that it is my opinion that the attendance upon these different conventions has brought about systematic and harmonious cooperation between postmasters and rural carriers.

The CHAIRMAN. What is the meaning of the word "paymaster?"

Mr. DE GRAW. That is a misprint. It should be "postmasters."

The CHAIRMAN. I suppose that attendance at one state convention naturally prompts an invitation from the next state convention?

Mr. DE GRAW. Yes, sir. That is natural, of course, and therefore I tried to explain that the superintendent is only detailed to attend the largest and more important conventions.

I can best emphasize and illustrate the importance to us of this matter by an experience which I had at Atlanta. They took us out to a suburb, the home of the president of the national association, which is probably 10 miles from Atlanta. He has a very nice home there. He had quite a large cotton field. There were probably 300 carriers assembled. That was a national convention, with delegates present from all over the country—they came from the North, West, East, and South. They escorted me out in the cotton field and I stood there, I think, for nearly three hours with a circle of those boys around me, plying me with questions. As an illustration of the questions they asked, and to more thoroughly emphasize the importance of them, I might cite that there was one carrier who stated that he had been in the service ever since rural delivery had been inaugurated, who said: "General, I have always followed the rules, but I want to ask you one question. The rules prohibit us from carrying anyone in our vehicles."

Now, suppose that I am out 10 or 12 miles from my post-office and I find an aged lady by the wayside who has met with an accident and can not walk. Under the rules I can not help that lady, can not take her in my vehicle. Under the circumstances what would you do? "Well," I said, "of course rules are made to be obeyed and we expect the rural carriers to follow them as closely as it is possible and be humane. If I were a rural carrier and met with a condition of the character indicated, I would take chances on what the Fourth Assistant Postmaster-General would decide and would take the lady in my vehicle to the nearest house where she might be made comfortable." They all appreciated that, and saw that we did not intend that they should lose their sense of humanity. There are hundreds of questions of that kind. It is amazing the number of questions that are propounded, and it is alike instructive not only to the carriers, but to ourselves, to get the ideas of how they work, and it is wonderful to find how closely they observe the rules and regulations of the rural carrier service.

The CHAIRMAN. Have you noticed any improvement in the character of the service following these visits?

Mr. DE GRAW. Oh, yes. There is no doubt, Mr. Chairman, that the policy pursued has been beneficial to the service.

The CHAIRMAN. What was the necessity for Mr. Covert to make trips to New York and Boston with reference to tying devices in September, 1907?

Mr. DE GRAW. You may remember that about that time we had a great deal of trouble in securing twine for the service. The contractors had done their best, and they said that there was not sufficient jute in the country to supply the twine we needed, and they anticipated trouble. There had been some years ago a test made of tying devices, and in order to meet an emergency which we felt was inevitable I took up with the Postmaster-General the advisability of again looking into tying devices with a view to their use in lieu of

twine. The Postmaster-General appointed a committee, consisting of the assistant postmaster at Baltimore, an assistant superintendent of the Railway Mail Service, from Texas, and Mr. Covert, the superintendent of the Division of Supplies, to consider the subject and examine any devices which might be submitted. In order that everybody might have the same opportunity to submit devices, we published in the Postal Bulletin and also gave out to the members of the press the plan of the proposed investigation, and the result was the submission of probably 300 tying devices. Some of them were very ingenious and cheap. The object of Mr. Covert's trip to New York was to meet his fellow-members of the committee and go over the matter with the employees who had charge of the tying of packages in the New York post-office. I think he also went to Chicago on the same errand.

The CHAIRMAN. Yes, sir; there is a later item, Chicago and St. Louis.

Mr. DE GRAW. Mr. Covert did little traveling comparatively; the assistant superintendent and the assistant postmaster did the most of it. Mr. Covert could not be spared for a long period from his work here, but he made several quick trips with them. While this matter was pending, the congestion in jute was overcome, and the contractors arranged for sufficient to assure us that the next contract would be all right. After the examination, and the receipt of the report of the committee on what in its judgment would be the best character of device, if a device was to be adopted, and after consultation with the Railway Mail Service, as those people are the ones we have to cater to as near as possible, the Postmaster-General, in view of the prospective decrease in the price of jute, felt, as we were then approaching the Christmas holidays, that it would not be advisable to make any drastic change. As it was impossible to try out any one of the devices without having, I think, about 3,000,000 of them in order to equip the entire service, the matter was closed and the report of the committee was filed in the department. I should add that the railway mail clerks felt that any change, no matter how simple, from the actual tying to which they are accustomed, would be damaging to the service—in other words, that they could not adapt themselves to any new tying device that would enable them to be as expert in the service as they had to be at that particular period.

The CHAIRMAN. When you say there would be something like 3,000,000, what do you mean?

Mr. DE GRAW. In order to equip the entire postal service with a tying device, we would have to throw out twine and put in a sufficient number of the device to be tried in order to equip the entire service, as it would not be possible to try out a device between Washington and Baltimore or between Washington and New England, for instance, because Washington letters would go, perhaps, to California and be scattered everywhere and the devices used might not come back unless the entire service were equipped, when, of course, they would circulate back and forth. It was not deemed feasible to call upon any patentee or person who had submitted a device, whether patented or not, to undertake to supply that many of his device. The forecast of the contractors was carried out and the price of twine reduced from 13 to, I think, 9 and a fraction cents.

The CHAIRMAN. Cents per pound?

Mr. DE GRAW. Yes, sir.

The CHAIRMAN. How many of these devices seemed to have special merit?

Mr. DE GRAW. Well, the committee, I think, from about 300 picked out 6 as representing the most feasible devices and from those 6 they got down to 2 and finally to 1, which they recommended.

The CHAIRMAN. Do you recall whose invention that was?

Mr. DE GRAW. The device of the then chief clerk of my bureau, Mr. Conrard. He is an inventive genius. He put in his device and stated to the Postmaster-General that if it was desired to adopt it he was perfectly willing that the Government should have it.

The CHAIRMAN. Is that the one which was finally settled on?

Mr. DE GRAW. That is the device which the committee decided upon as being the most meritorious and feasible for the service.

The CHAIRMAN. How did it seem to you it would work out if that or a similar device were adopted, in the matter of cost as compared with the present method?

Mr. DE GRAW. It would be very much cheaper.

The CHAIRMAN. The initial installation would be more expensive than the current purchase of twine?

Mr. DE GRAW. Possibly; but once in service the cost of renewals would be small as compared with the cost of twine that is now necessary. I think, perhaps, as a rough calculation, in five years we could save half of what it now costs for twine. Pending the installation there might be extra expense, but I think even that would not exceed what we pay now. The difficulty about this matter, Mr. Chairman, is the twine itself. The railway mail clerks maintain that it is impracticable to render good service with anything but jute twine, because of the fact that other grades of twine cut their hands, hence the use of the soft jute, flossy twine. There was another strong point made by them, namely, that we could not get a device that would not tangle; that they would naturally have to hang the devices up or lay them down. If hung up the swaying of the car would tangle them by wrapping them around each other, which they demonstrated to our entire satisfaction, while if they laid them down they would become tangled. Of course, the clerks have not a moment to use for the purpose of untangling the twine. They rip it out for tying, and when they open packages simply cut it and throw it away. We tried to husband our twine, but found in a general try out, so to speak, in Chicago, that it cost more to take care of the twine than it did to buy new, even when employing a boy at a small salary to do the work. That is another point made by the railway mail clerks.

The CHAIRMAN. After being used it is sold as waste, is it?

Mr. DE GRAW. Yes, sir. The railway mail clerks you understand run up against a stack of 30,000 or 40,000 letters in a car and they have not the time to pick out a device and untangle it, they just rip off the cord and tie it up; the operation is very quick.

The CHAIRMAN. Do you know of any inspector other than Mr. Carter B. Keene being detailed for the purpose of traveling and investigating the subject of parcel post or postal savings banks?

Mr. DE GRAW. I can not mention any names, but there have been requests come to my office, which I have referred to the Postmaster-General's office, to have representatives attend certain conventions, as they would like to hear from them as to what the proposition is in

regard to parcel post and postal savings banks. Those matters are always referred to the chief inspector—that is, if the Postmaster-General deems it essential or proper that the explanations desired should be made.

The CHAIRMAN. Mr. Keene, as I understand it, traveled somewhat in Canada investigating the systems there?

Mr. DE GRAW. I do not know about that.

The CHAIRMAN. Is there anything further that you wish to say?

Mr. DE GRAW. No; except I see Mr. Prender's name, now my chief clerk, the last on the list, is entered as going to Hartford. I would like to say that the object of that visit was to have Mr. Prender, who had recently come from the assistant superintendency of the Division of Supplies, install a plan of bookkeeping, etc., at Hartford, in conformity with our division of supplies, the agency there having been placed in the hands of a new man. The trip occupied a couple of days.

(Thereupon the committee adjourned.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
House of Representatives, January 28, 1909.

The committee met at 10.30 a. m., Hon. Irving P. Wanger (chairman), presiding.

STATEMENT OF MR. CHARLES A. CONRARD, CHIEF CLERK OF THE POST-OFFICE DEPARTMENT, ACCOMPANIED BY MR. G. F. SHAW, ASSISTANT SUPERINTENDENT OF THE POST-OFFICE DEPARTMENT BUILDINGS.

Mr. CONRARD. Mr. Chairman, I imagine to some extent that answers which may be required of me will be given by Mr. Shaw, the Assistant Superintendent of Buildings, who accompanies me, because Mr. Shaw is familiar with the technical end of the proposition, while I am not. He may answer some questions asked of me, if the committee desire it in that way.

(Mr. Shaw was sworn by the chairman.)

The CHAIRMAN (to Mr. Conrard). Before going to the question of the lease of the Post-Office Department annex in Washington, I want to say that under date of March 25, 1908, the Postmaster-General thought it was desirable in future to reduce the hours of labor in the telegraph office by simply requiring the telegraphers to be on duty from 9 a. m. to 4.30 p. m. It was his intention to transfer to another division one of the telegraphers, who is a typewriter, and assign a messenger now there to other work. Has that change been made?

Mr. CONRARD. That arrangement was made promptly and is still in operation.

The CHAIRMAN. Is the annex building used by the Post-Office Department a satisfactory building for the purposes for which it is used?

Mr. CONRARD. Well, it is not in some respects and in other respects it is.

The CHAIRMAN. What are its advantages; in what respect is it satisfactory?

Mr. CONRAD. I might say that it is a good building for the Supply Division, for the reason that the Supply Division, before it was moved into the annex, was in an old condemned building; and so far as the mail-bag repair shop is concerned, it is a great improvement over the old conditions that existed in the building on C street, which it formerly occupied, which also was condemned by the District authorities; but as to the lock shop, the conditions are not as good as they were in the building where it was formerly located, on First street northeast. The building is not especially suitable for clerical purposes, although the conditions on the fifth floor in the Supply Division seem to be very satisfactory.

The three-story building, in which are located the divisions of stamps, redemption, and topography, is all right, except for the Division of Topography. There are a number of draftsmen employed in that division, and I think that the building, on account of the railroad tracks which are near it, is not entirely satisfactory because of the shaking of the building, which, I understand, interferes with the work. I do not think that it is serious. On the whole I believe that I can say the present conditions are far superior to the conditions that existed when those particular divisions were located in separate buildings.

The CHAIRMAN. Where was the topographer previously?

Mr. CONRAD. Originally, when we moved into the new building on Pennsylvania avenue, the topographer's office was moved there also. Later on—I do not, in fact, know when, probably a year or two afterwards—his office was removed into the Busch Building, on E street between Seventh and Eighth. When the Busch Building was vacated, in 1907, the topographer's office, with the other divisions that were in the Busch Building, was moved into the three-story building at First and K streets NE.

The CHAIRMAN. Who is in charge of the Stamp Division?

Mr. CONRAD. Mr. Fitch is superintendent of that branch.

The CHAIRMAN. Are his headquarters in that building?

Mr. CONRAD. Yes, sir. The Stamp Division is also comfortably situated, as I have never heard any complaint about it, but I have heard complaints from the topographer. When he moved there I was in the office of the Fourth Assistant. Mr. W. C. Fitch is in charge of the Stamp Division and Mr. Von Haake is the topographer.

The CHAIRMAN. Of what construction is that large annex building?

Mr. SHAW. It is a brick frame and steel girders, carrying cement floors.

The CHAIRMAN. When was it erected?

Mr. SHAW. About eight years ago, I believe.

Mr. MOORE. How long has the Government occupied this building?

Mr. CONRAD. Since July 1, 1907.

Mr. MOORE. Was it remodeled at that time?

Mr. CONRAD. The interior was.

The CHAIRMAN. Was it a satisfactory building, mechanically?

Mr. CONRAD. Yes; for warehouse purposes it was. I believe that it is satisfactory for the Supply Division and the mail-bag repair shop. We have had trouble with the mechanical end of it.

Mr. SHAW. We have had trouble in getting the conditions improved.

The CHAIRMAN. What do you mean by saying that you have had trouble?

Mr. SHAW. We have kept after the terminal company to make the necessary changes to put it in shape.

The CHAIRMAN. What kind of changes?

Mr. SHAW. Changes in the partitions and the heating and lighting plant and the elevators.

Mr. MOORE. Did they have elevator service there before you moved in?

Mr. SHAW. Yes, sir.

The CHAIRMAN. Who represented the Government in determining these modifications which were to be made by the terminal company?

Mr. SHAW. A committee appointed by the Postmaster-General. That is, as to structural changes and the assignment of space.

The CHAIRMAN. What are the names of the members of that committee?

Mr. SHAW. The gentlemen were Mr. Thomson, assistant chief clerk; Mr. Getty, of the classification division; and myself.

Mr. MOORE. What amount of rent is the Government paying annually?

Mr. SHAW. Thirty-two thousand dollars.

Mr. MOORE. Do you know what the building originally cost?

Mr. SHAW. No, sir; I do not. There is a clause in the lease by which they will sell it to the Government for \$400,000 at any time during the first five years of the lease.

Mr. CONRAD. The department has an option during the first five years of the lease to purchase it for \$400,000.

Mr. MOORE. This building is poorly ventilated?

Mr. CONRAD. Well, I do not know that it is so poorly ventilated. On some of the floors, where there is not much force and not much dust, I think that it is rather good.

Mr. MOORE. The bag-repairing department is poorly ventilated?

Mr. SHAW. There are six large skylights with ventilators. You refer to the room in the top of the building?

Mr. MOORE. Yes.

Mr. SHAW. Those are about the best ventilated rooms in the building.

Mr. MOORE. Perhaps it is the next floor to which I refer.

Mr. SHAW. That is the seventh floor. The ventilation is not bad in there. It is superior to that which we have in the other part of the building.

The CHAIRMAN. My impression is that Mr. Moore referred to the top rooms.

Mr. MOORE. That was where the dust was. As I recollect, when we were there it was rather a dull morning and I suppose the ventilators were not open.

Mr. SHAW. That work is necessarily very dirty. You can not realize how dirty it is unless you could go there and see it cleaned up.

The CHAIRMAN. A complaint was made by Mr. Covert that there were a large body of clerks there and the ventilation was inadequate. Is there any provision for ventilating any of the floors, except by windows or skylights?

Mr. SHAW. On those floors we have windows only in addition to the elevator shaft; that is the only means.

The CHAIRMAN. Except on the top floor?

Mr. SHAW. Yes, sir.

The CHAIRMAN. How did this building come to be suggested for governmental purposes?

Mr. CONRAD. I do not know. The arrangements were all made to occupy the building before I was made chief clerk. I was at that time in the office of the Fourth Assistant.

The CHAIRMAN. You have not looked that up?

Mr. CONRAD. I only know it incidentally. I do not know whether it is correct.

The CHAIRMAN. Do you know whether it was recommended by the Postmaster-General or by any Assistant Postmaster-General that this building be acquired?

Mr. CONRAD. I do not believe it was. I am not really qualified to say, because in my office I would not know it; but I do not think it was. Perhaps Mr. Shaw can answer that, because he had more or less to do with the mechanical features of the matter, but I suppose he had nothing to do with the lease.

Mr. SHAW. The way I have always understood it is that the Postmaster-General, on the recommendation of the District of Columbia authorities, decided to vacate the mail-bag repair shop building.

The CHAIRMAN. On the recommendation of the authorities of the District?

Mr. SHAW. They condemned the building as being unfit for the purposes for which it was used. The Postmaster-General wanted to obtain a building suitable for all of the employees in outside buildings, and he was not successful. The first I knew of it was when a representative of the Terminal Company came down, and I was called on to make a report on the present annex building.

The CHAIRMAN. Are you a practical builder?

Mr. SHAW. No, sir.

The CHAIRMAN. Have you had any experience in building or in judging of buildings?

Mr. SHAW. No, sir; only the experience I have had in getting proper space in which clerks could work.

The CHAIRMAN. Was your report on the terminal storage building in writing?

Mr. SHAW. No, sir. It was verbal and was made to the chief clerk, Mr. Chance.

The CHAIRMAN. Did you make any written report?

Mr. SHAW. Oh, yes. Later I made a short memorandum of changes which I considered necessary before we should even consider it.

POST-OFFICE DEPARTMENT,
OFFICE OF THE CHIEF CLERK,
Washington, D. C., December 14, 1906.

MEMORANDUM FOR THE CHIEF CLERK.

The changes necessary to be made in the terminal storage building to adapt it to the use for which the department desires it would be to install a sufficient heating plant and removing the partitions on nearly all of the floors. One floor of this building must also be fitted up for office purposes, and it is believed that all of the clerical force of the Division of Supplies, the Division of Equipment, and the third division of the Railway Mail Service could be provided for on this floor. On the east side of the several floors large windows should replace doors now in position. This change should

be made for light and ventilation. It is a matter of doubt as to the present heating plant being sufficient to properly heat this building for the purpose this department desires it. However, Mr. Flemming guarantees to install a plant to properly heat the building. As the department will not occupy this building until spring, this matter can be arranged later. The tops of the partitions on each floor facing the elevator should also be removed and replaced by glass ones. This change is very necessary, that sufficient light can be had at all times. In conversation with Mr. Flemming, secretary of the company, he stated that he would make these changes if they could be made at a reasonable sum, say \$1,500. I think the work can be done at that sum.

Referring to the smaller building, containing 13,000 square feet, Mr. Fleming states that the company would add an additional floor to this building, with the necessary number of windows to properly light it. He also states that they would install a heating plant sufficient to properly heat the building. It would appear to me, however, that this building would not meet the requirements of the department for any purpose except for the use of the mail-bag repair shop as a storehouse or as a mail-lock repair shop.

I would invite your attention to the present quarters of the mail-lock repair shop, which, in its present condition, is in excellent shape.

If it is the intention to obtain a building in addition to the large storage building, I would suggest that the building occupied at present by the mail-lock repair shop, with its rent gradually decreasing, offers more advantages to the department than this additional storage building.

Respectfully,

G. F. SHAW, *Assistant Superintendent.*

The CHAIRMAN. The "smaller building" mentioned is the one that was referred to as being occupied by the Stamp Division and by the topographer?

Mr. SHAW. Yes, sir.

The CHAIRMAN. What were the particular reasons why you thought it would not meet the requirements except for the mail-bag repair shop?

Mr. SHAW. At the time that was written there was offered to us a one-story warehouse building in which the company proposed to put in the necessary lights, but the present building is an entirely new structure.

The CHAIRMAN. Then your memorandum as to that building has no application?

Mr. SHAW. Not to the present building.

The CHAIRMAN. You say that the mail-lock repair shop was more satisfactory than the present one?

Mr. CONRAD. The conditions for the lock shop were ideal, as nearly as could be, in the building it occupied on First street. It was a two-story building.

The CHAIRMAN. Do you know what rental was paid for it?

Mr. SHAW. That lease was made up in the office of the Second Assistant. The rental was paid from another appropriation and was leased on a sliding scale, becoming less each year. The first year the rent was \$3,600, and, I think, \$250 per month when the building was vacated.

The CHAIRMAN. That is \$3,000 per year. Is that building used at the present time?

Mr. SHAW. Not by the Post-Office Department.

Mr. CONRAD. It is used by the owner, Mr. Schulteis, as a feed warehouse.

The CHAIRMAN. Do you know whether he is desirous of renting it to the Government?

Mr. CONRAD. He is.

The CHAIRMAN. At what rental?

Mr. CONRAD. He would rent it to the department for \$2,400 a year, the same as we pay for the warehouse next to the annex.

The CHAIRMAN. If the warehouse next the annex was abandoned where would the matter now stored therein be stored?

Mr. CONRAD. The idea that I have been working on for several weeks is this: First, I endeavored to ascertain whether, under the present appropriation law, we could use that \$2,400 for the payment of rent in some other building than the warehouse. I found that we could. Then I endeavored to look up a suitable building. The first building that suggested itself, of course, was the building formerly occupied by the lock shop on First street NE. I looked up the matter as to the rent, and ascertained that the rental paid for it before was more than \$2,400 a year, as I recollect, and it was on a downward scale. At the time the building was vacated it was \$3,000. I knew that it was more than \$2,400. I conferred with Mr. Schulteis, and he told me he would rent his building for \$2,400 a year on a long-term lease. My intention was to make an arrangement to rent his building and move the lock shop out of the annex building; then to move the supplies out of the warehouse and put them in the space now occupied by the lock shop, so that instead of having the warehouse we would have the lock shop at the same rental.

I might say that one of the reasons for this action was on account of the difficulty that I had had with the Terminal Storage Company in making a contract for the warehouse. As I understand it, after the Post-Office Department took possession of the building it was ascertained that the floors were overloaded, at least some of the floors were. The Terminal Storage Company sent a letter to the Post-Office Department, inclosing a report from the building inspector's office of the District of Columbia, saying that the floors, or certain floors, were overloaded, and placed the limit at 200 pounds to the square foot. The Post-Office Department protested and claimed that the Terminal Company had stated these floors would stand almost any weight, or at least that it was one of the strongest buildings ever constructed in Washington.

Shortly afterwards a new limit was placed on the floors. It was raised to 250 pounds to the square foot. In view of the necessity for reducing the weight on the floors, as required by the District officials, it was found necessary to get additional space for the Division of Supplies, because it did not have enough room. They did not have any more than they needed for the storage of supplies, regardless of weight, so this warehouse across the alley was offered, as I understand it, by the Terminal people. I do not know what understanding there was, unless it was that an arrangement was to be made later as to the rental. An appropriation of \$2,400, in addition to the \$32,000, was made to cover this warehouse. We assumed that the lease would be substantially the same as the lease for the annex, and run concurrent with it.

After the 1st of July last year, when the appropriation became available, I took the matter up with Mr. Fleming, secretary of the Terminal Storage Company, with a view of making a lease, thinking, of course, we would make it to expire with the lease on the big building. As you perhaps are aware, we have the exclusive use of the railroad track on the trestle between the annex and the warehouse. I wanted to erect under this trestle some bins or a shed, fire-

proof and waterproof, in which we could store supplies or mail bags and things of that sort, the idea being that we could shake out the mail bags there, instead of taking them to the eighth floor. We also wanted a skylight put into the warehouse roof, so as to get better light. We also wanted some arrangement to heat it.

I did not get the Terminal Storage Company in the start to agree to a reasonable lease as I viewed it. In the first place, they would not agree under any circumstances to make a lease for more than a year. They preferred, they said, to have a lease running from month to month. They would not permit us to put up the structure mentioned, although we agreed to be responsible for any additional fire risk, unless at the expiration of the lease the shed would revert to them. I made an estimate of the cost, which would amount practically to from \$1,000 to \$1,200. If we had a lease running from month to month, or even for a year, they could turn us out, and you can see the absurdity of such a proposition, to put up a structure costing half as much as a year's rent, which they could take free of cost to them after the expiration of the lease, if they saw fit. The heating arrangement did not amount to much, it being simply a matter of running a pipe from the heating plant in the main building.

And so the matter dragged on. We had a number of conferences with Mr. Fleming, and he said repeatedly he would rather that we would get out, and so I began to look around to see if we could find any other building that we could use. I found that we could make a lease with Mr. Schulteis for the building in which the lock shop was formerly located, which is an ideal one as compared with the present lock shop, for a rental of \$2,400. I will say also that day before yesterday we executed a lease with the Terminal Company for the warehouse for one year from the 1st of last July. It is a lease, of course, that is not satisfactory to us, but I felt that it would be a good idea to make some sort of a lease, because they might try to make us get out of the building—I do not know whether they could or not—but if they did, we would have no place to go. This runs a year from the 1st of July, 1908, and can be terminated at the end of a yearly period upon three months' notice by either party.

The CHAIRMAN. It has a sort of automatic renewal feature, except three months' notice prior to the end of the year is given by either party of an intention to terminate it?

Mr. CONRAD. Prior to the termination of the lease.

The CHAIRMAN. Whose idea was it to move the lock shop from the former location?

Mr. CONRAD. I can not tell. Perhaps Mr. Shaw can help you out on that.

Mr. SHAW. I can not.

Mr. FAIRCHILD. What would it cost to move it from the present building back to the old lock shop; what would be the cost of moving the machinery and refitting the shop?

Mr. CONRAD. We have not finished our estimate of that. There will be some expenses. We have a memorandum showing the cost of moving from the old building to the annex, but the cost of moving back, as far as I have gone into it, shows that it will not amount to nearly so much as the cost of moving into the annex. As I recollect, there were a number of fixtures and things of that kind purchased. Those can be put in the new building.

The CHAIRMAN. It must have been expensive to put fixtures and batteries in there. That must have cost a great deal of money.

Mr. CONRARD. I imagine that we can handle the whole affair in moving back for \$700 or \$800.

Mr. FAIRCHILD. My judgment would be that it would cost twice that much.

Mr. CONRARD. I hardly think so, but we have not gotten that far. We have fixed up the lease for the warehouse for the current fiscal year, and if everything is satisfactory we want to make an arrangement to give notice that we are going to move.

The CHAIRMAN. Can you satisfactorily store supplies in the annex building if the mail-lock shop is moved?

Mr. CONRARD. I conferred with Mr. Covert about it and he says that he can take care of that properly.

The CHAIRMAN. Can you handle (unload and reload) as economically in the annex as in the warehouse building?

Mr. CONRARD. I would say as a whole we could, for the reason that there is a good deal of shifting of those supplies back and forth from the warehouse to the large building. They truck a good deal of that stuff back and forth. In some respects it would be disadvantageous. While I am not prepared to say so, it seems to me that the advantages and disadvantages would about offset each other. As a whole it would be about as advantageous.

The CHAIRMAN. Is that warehouse fireproof?

Mr. CONRARD. I think so, substantially. It has a brick wall and cement floor and iron roof.

Mr. SHAW. It has a wooden roof, but it has a heavy iron covering on it.

The CHAIRMAN. It is not entirely fireproof?

Mr. CONRARD. I do not suppose that anything is.

The CHAIRMAN. It has a number of wooden doors, has it not?

Mr. SHAW. It has three front doors of wood. The rear doors are of steel or iron. There are drop doors in the rear.

The CHAIRMAN. Were the modifications which were noted on the lease made by the Terminal Company?

Mr. SHAW. They made those that are mentioned in the lease, but they did not make all the department asked for.

The CHAIRMAN. What others did the department ask for?

Mr. SHAW. We wanted additional windows. That was the principal one. We wanted those on each floor.

The CHAIRMAN. For what purpose were they desired?

Mr. SHAW. For light and ventilation.

The CHAIRMAN. Have you any memorandum showing the number of additional windows which you thought ought to be provided? I do not see anything in reference to it.

Mr. SHAW. I have not.

The CHAIRMAN. In addition to the windows specified in the memorandum?

Mr. SHAW. There are several additional windows asked in each floor in order to give more light.

The CHAIRMAN. That was more than was indicated in the statement accompanying the lease?

Mr. SHAW. I think so.

The CHAIRMAN. You think that these additional windows that are specified in the memorandum attached to the lease were complied with?

Mr. SHAW. I am pretty sure of that.

The CHAIRMAN. What other troubles have there been, if any?

Mr. SHAW. The principal one was with the elevators.

The CHAIRMAN. What is the trouble with the elevators? There are two freight and one passenger electrical elevators, are there not?

Mr. SHAW. Yes, sir. They are not of a type sufficient for the work required of them.

The CHAIRMAN. Was that matter considered prior to the time of the execution of the lease?

Mr. SHAW. Fully. When I was told that that property would be leased for the department, and was instructed to go and find out anything I could about it, one of the first things I looked up was the elevators, and I found that the motor room had been flooded about a year previously, and the motors very badly soaked. They had simply taken out the motors and put them in the sun to dry. That fact was called to the attention of the chief clerk, and he talked with the representative of the Terminal Company. They guaranteed that they would put those elevators in perfect shape. I do not think that there has been a single week since we have been in the building that there have not been repairs necessary, and when there have not been men working on the motors. They have tried everything they could to put it into shape, except doing the right thing, and that was putting on a magnetic control.

The CHAIRMAN. The elevators have been inspected frequently. have they?

Mr. SHAW. Yes; they are inspected regularly by the District inspector, the same as elevators in private buildings are. The Postmaster-General has placed all of the elevators in control of the District authority. The installation is all right, so far as that goes. It is the type of machine.

The CHAIRMAN. Have you a memorandum of their shortcomings?

Mr. CONRAD. I believe we have the log book.

Mr. SHAW. No; but I have a memorandum of that up to date. [Handing memorandum to chairman, of October 27, 1908, which follows:]

MEMORANDUM FOR THE CHIEF CLERK.

POST-OFFICE DEPARTMENT, OFFICE OF THE CHIEF CLERK,
Washington, October 27, 1908.

The department took possession of the annex building on July 1, 1907, and since that time there has been constant trouble with the electrical plant. In referring to the several voltages used, in the following statement, the 550 volts direct current refers to the elevators, 220 volts alternating current refers to the motor power, and the 110 volts alternating current refers to the lights. A record has been kept of each breakdown in either current for a period lasting over ten minutes. A large number of total or partial failures of service lasting less than ten minutes has not been recorded.

The first inspection made by the department employees of the motors operating the elevators disclosed the fact that they had been very badly neglected and were in a deplorable condition. The motor room was damp, owing to bad drainage, and almost invariably after a rain water would be found on the floor, and in some instances the water became charged with electricity.

The following dates show the trouble and interrupted service the department has been subjected to in the annex buildings:

From the date of occupancy until August 18 the elevators were a constant source of trouble and were not properly counterbalanced. The employees of the Otis Elevator Company were constantly tinkering with the machines during that period, when proper counterbalances were installed on elevator No. 2 on August 29. An inspector of the Traveler's Accident Insurance Company, of Baltimore, Md., inspected the elevators for the Terminal Storage Company, but the department received no report as to the result of this inspection.

On August 30 the elevators were inspected and passed as being installed within the regulations of the District of Columbia by a District inspector.

September 6, 220-voltage current off from 7.30 until 9 o'clock a. m.; trouble on the car line.

September 8, electric current off from 5 to 7 o'clock a. m.; 550-voltage current.

September 12, passenger car out of service from broken springs on the brushes and reversing wheel.

September 13, power off 550-voltage current from 1.45 to 2.45 o'clock p. m.

October 1, 550-voltage current off from 2 to 4.30 o'clock a. m.

October 3, 110-voltage current off from 5.10 to 6.45 o'clock a. m.

October 10, 220-voltage current off from 1.30 to 2.25 o'clock a. m.

October 11, springs on reversing wheel of passenger car broke; out of service thirty minutes.

October 15, 550-voltage current off from 1.45 to 3.30 o'clock a. m.

October 18, 550-voltage current off from 2 to 5 o'clock a. m.

November 8, 110-voltage current off from 6 to 7.45 o'clock a. m.

November 16, 550-voltage current off from 2 to 5 o'clock a. m.

November 19, the shoes on passenger elevator caused an interruption of service from 9.30 to 12.30 o'clock.

November 20, the passenger car was inspected by an agent of the Traveler's Accident Insurance Company, in which he criticised the condition of the cables, but no report was made to this office.

December 4, 550-voltage current off from 2 to 4 o'clock a. m.

December 6, by request of this office a District elevator inspector inspected the passenger car and insisted on new cable.

December 18, new cable installed on the passenger car by the Otis Elevator Company. Car out of service from 9.20 a. m. to 1 p. m.

December 23, 550-voltage current off from 2 to 10 o'clock a. m., caused by trouble with motors in the storage company warehouse, not under the control of this department.

December 27, passenger car out of service until 1.30 o'clock p. m., Otis Elevator Company taking up counterweight ropes.

December 28, passenger car out of service while commutator and contacts on the reversing wheels and new sniper knife were replaced.

January 2, sniper knife burned off car No. 2.

January 4, passenger elevator out of service at 9 o'clock a. m. Shoes on bottom of car loose, brushing burned out, and wheels binding in the overhead works.

January 6, the Terminal Storage Company questioned the company's liability for the damage to the rims of three cars. District inspector Lawson was called in to make an inspection and reported that the trouble was caused by wear and tear, and the responsibility of the repairs placed with the Terminal Storage Company.

January 8, 220-voltage current off from 12.25 to 12.35, and from 12.40 to 1.05 o'clock p. m.

January 15, 550-voltage current off from 1.45 to 5 o'clock a. m.

January 17, 550-voltage current off from 2 to 4 o'clock a. m.

January 18, No. 3 freight car in service, new rims having fitted to the wheels. Car out of service—No. 2 car—while repair men place new rims on the wheels.

January 22, 220-voltage current off from 11.55 to 12.35 o'clock p. m.

January 23, Otis elevator men working on passenger car motor; new contacts and brushing, commutator cleaned, car out of service.

January 28, No. 2 car in service at 2.30 o'clock p. m.; out of service since the 18th.

February 4, No. 2 car out of service.

February 5, Otis elevator employees overhauling motor; 550-voltage current failed at 4.30 o'clock p. m. Passenger car could not be moved.

January 6, all elevators in service.

February 7, No. 2 elevator in service 2 o'clock p. m.; segments burned out in field, commutators turned over.

February 18, passenger car out of service 7.30 o'clock a. m.; reversing wheel burned out. Repair men started to work at 10 o'clock. Car in service at 3 o'clock p. m.; new reversing wheel installed.

February 27, cars out of service three and one-half hours, repairing shoes on No. 1 elevator.

March 7, No. 2 car out of service two and one-half hours, sniper knife burned out.

March 12, new sniper knife placed on No. 2 car, out of service two hours.

March 17, 550-voltage current off from 2 to 8 o'clock a. m., main fuse blew out (208 amperes) caused by motors in the Storage Company warehouse, not under the control of the department.

March 23, Otis Elevator Company placed new sniper knives and contact in No. 3 car, grounded.

March 28, 550-voltage current off from 12 to 8 o'clock a. m., trouble on car line.

March 30, 550-voltage current off at 8.30 o'clock a. m.; fault in Storage Company warehouse. Not under the control of the department.

April 9, counterweights on the No. 3 car out of service three hours.

April 27, Otis elevator employees placed new leather shoes on brake of passenger car, off from 9 a. m. to 3 p. m.

April 29, No. 2 car out of service 0 a. m.; grounded.

April 30, Otis elevator employees started to work 9 o'clock a. m.; found resistance grounded on the frame and insulating on the lever wheel burned out. No. 2 car in service at 2 p. m.; out of service for twenty-four hours.

May 20, passenger car scrapes, slides worn and brasses damaged. Otis elevator employees started to work next morning on the car.

May 27, 550-voltage current so weak that circuit breaker would not operate, voltage down to 260, sniper knife on No. 1 car burned out, commutator on No. 2 car grounded, 550-voltage current off from 4 to 4.25 o'clock p. m., and 220-voltage current off from 4 to 7 o'clock p. m.

May 28, 220-voltage current off from 11 a. m., to 1.08 p. m.

May 29, Otis Elevator Company repaired motors.

May 30, 550-voltage current off from 1 to 6.30 o'clock p. m.; 220-voltage current off from 4.30 to 6.30.

June 5, 550-voltage current off from 7 to 8 o'clock p. m.

June 10, Otis elevator people placed new sniper knife in No. 2 car.

June 11, 220-voltage current off from 2.25 to 3.15 o'clock a. m.

June 12, 550-voltage current off from 7.45 to 8.15 o'clock p. m.

June 18, Otis Elevator Company give motors general overhauling.

June 23, Otis Elevator Company inspected elevators and motors.

June 25, passenger car out of service at 1 p. m.; sniper knife and contact burned off; also segment.

June 26, car in service at 10.45 a. m.; car out of service twenty-four hours.

July 27, No. 2 car armature burned out; District inspector condemned the governor ropes and counterweight ropes; recommended a new control rope on No. 1 elevator.

July 30, 220-voltage current off from 12 to 12.30 o'clock.

August 5, No. 2 elevator in service 10 a. m.; out of service ten days.

August 11, Otis Elevator Company sent inspector to examine the elevators and motors.

August 13, Mr. Mullet and elevator inspectors inspected elevators; no report of District inspector's report.

August 18, No. 2 elevator out of service; short circuit of computers.

August 21, elevators out of service two hours; Otis Elevator Company getting the length for new cables.

August 24, 550-voltage current off from 10.40 to 11.40 o'clock p. m.; trouble on car line.

August 26, No. 1 car motor out of service one hour; six inches of water in the motor room; field coil got wet on elevator No. 2; Otis elevator men left them on the floor night before.

August 28, elevators inspected by Otis Elevator Company.

August 29, two main fuses blown on No. 1 elevator.

August 31, No. 1 out of service; grounded on resistance segment; No. 2 in service after being out on account of burned-out computer.

September 4, No. 3 car out of service 11 a. m.; grounded in resistance; out of service twenty-three and three-fourth hours.

September 18, No. 3 elevator out of service 1 p. m.; placing new cables and making alterations.

NOTE.—This work is part of an agreement made between the department and the Terminal Storage Company, that certain changes be made in the construction of the overhead work when it became necessary to replace the cables.

September 21, No. 1 car out of service at 7.30 o'clock.

September 23, 220-voltage current off from 2.20 to 2.38.

September 28, 220-voltage current off from 6 to 8 o'clock a. m.

September 27, 550-voltage current off from 3.30 p. m. to 8.45 a. m., eighteen and three-fourth hours.

October 6, No. 3 elevator in service; out of service nineteen days.

October 7, No. 1 elevator in service; out of service sixteen days. No. 2 elevator out of service for repairs to ropes.

October 13, No. 2 elevator in service; out for six and one-half days.

October 14, No. 2 elevator out of service.

October 15, new soapstone and contacts placed in No. 2 elevator.

October 16, Otis elevator men making examination of No. 2 car and placed new snipper knife in position; still out of service.

Referring to the present condition of the elevator motors, I beg to call your attention to the fact that these elevators were originally installed for the service of the Terminal Storage Company, who used the building as a storage place for general warehouse purposes. There is no doubt these elevators were of such a type to give them sufficient service. They had no engineer or electrician to overhaul this machinery, as has been done since we occupied the building. When the department took possession it was found that the machinery was in a badly neglected condition. The attention of the chief clerk of the Post-Office Department was called to this and the matter was a subject of considerable correspondence between his office and the Terminal Storage Company.

One of the governing conditions that caused favorable consideration to be given to the lease of these buildings was the guaranty of an efficient and reliable elevator service. The machines with their present control are not satisfactory for a day-and-night service, such as is required by the Post-Office Department.

The electrical control on the elevators is not suitable to meet the demands due to the fact that all make and break contacts are not reinforced with carbon and are constantly being eaten away by the heavy arc, causing frequent delays and repairs which would be eliminated by a more up-to-date type of control.

The mode of operation is lacking, inasmuch as the operator cuts out the resistance by direct pull on rope. This method has proven unsatisfactory, due to the fact that the operator is at a loss to know just what is happening in the controller, and frequently imperfectly breaks the circuit.

The most satisfactory type of control that guarantees good service is accomplished by the accelerating magnet method, which removes the cause of destructive arcing, taking out of the hands of the operator the power of making such an imperfect break of the circuit.

The motors burn out for the reason that the material of which they are composed is weak, owing to their previous bad usage.

The elevator circuits have been fused with the latest type of cartridge fuse and the department has, during the past year, renewed the fuses about 50 times on account of short circuits.

Every care and attention that is possible for an efficient engineer and operators to give to these machines have been and are being given by the department. The only relief from this constant breaking down in the elevator service is to install modern magnetic control motors for use on these cars.

A complete set of new ropes have been installed and they are in good shape, with the exception that there is about 4 inches between the floors and the cars at each landing.

The motors on the elevators are in very bad condition and there is hardly a week but some serious trouble occurs with them. They are constantly short circuiting, showing that the installation on the armatures and fields needs replacing.

On August 26, as shown in the table above, No. 1 elevator was out of service for two hours, the length of time it required to have the water baled off the floor. There is a blind drain in the room, but is not sufficient to carry off the water.

It has constantly been brought to the attention of the representatives of the Terminal Storage Company of the condition existing around the boilers. There is no way of properly cleaning or flushing the room for the reason that no part of the installation has been installed in such a way that waste water can drain out of the boiler pit. If trouble of any kind should occur it simply means that our fires would have to be put out, and if this occurs in the winter it would result in the shutting down of the plant.

In a recent communication the assistant engineer in charge of the annex buildings reported as follows:

"The boilers have not been washed out properly since last winter. We let the water out and filled them up a few times, but did not knock the main heads in, as there were 18 inches of water in each. The blow-off pipe is extended up that high. There should be a sewer pipe to the street from boiler pit. If one of the large pipes bursted there would be no way in which we could keep the water out of the room containing the elevator motors. In fact it would be necessary to run this water out of the windows, and they are 5 feet from the floor."

All of these facts have been brought to the attention of the agent of the Terminal Storage Company and have not been remedied. There has been a constant friction between this office and the Terminal Storage Company over these elevators and the boiler outfit, and it is hoped that some means can be taken to remedy the troubles.

I beg leave to recommend that the Supervising Architect of the Treasury Department be requested to make a thorough examination of these motors and report to the Postmaster-General as to their condition and the reliability to guarantee the service that the department requires.

Respectfully,

G. F. SHAW,
Assistant Superintendent.

(The following additional report was subsequently furnished to the committee.)

POST-OFFICE DEPARTMENT,
OFFICE OF THE CHIEF CLERK,
Washington, January 30, 1909.

MEMORANDUM FOR THE CHIEF CLERK.

The following is a record of the time and cause the elevators in the annex building were out of service for reasons other than the variations in the voltage:

September 12, No. 1 car out of service three hours; broken springs on brushes on the reversing wheel.

October 11, No. 1 car out of service thirty minutes; broken spring.

October 19, No. 1 car out of service three and one-half hours; broken brake.

December 18, No. 1 car out of service four hours; replacing cables.

December 23, all elevators out of service eleven hours; short circuit in the motor on premises of the Terminal Storage Company.

NOTE.—The power plants in both the Post-Office Department buildings and the Terminal Storage Company's warehouses are supplied by the same service. This matter has been the subject of considerable correspondence with the Terminal Storage Company and has resulted in several promises on their part that this trouble would be remedied. It has not been done up to this time.

December 27, No. 1 car out of service twenty-four hours; adjusting counterweights.

December 28, No. 2 car out of service twenty-four hours; snipper knives burnt out.

January 4, No. 3 car out of service at 9 a. m.; shoes loose and trouble with the overhead machinery. Car in service again January 18; out of service fifteen days. The conditions on No. 2 car were found to be similar to those on No. 3 car, and it went out of service on January 18; back in service again January 28; out of service eleven days.

February 4, No. 2 car out of service three days; trouble with motor.

February 18, No. 1 car out of service one day; reversing wheel burnt out.

February 27, No. 2 car out of service three hours; trouble with motor.

March 7, No. 2 car out of service two and one-half hours; new snapper knives installed.

March 12, No. 2 car out of service two hours; new snapper knives installed.

March 14, No. 2 car out of service two hours on account of defective snapper knives.

March 17, all elevators out of service three hours; trouble in Terminal Storage Company's plant.

March 23, No. 1 car out of service three hours; trouble with operating gear on car.

March 30, all elevators out of service two and one-half hours; trouble in Terminal Storage Company's warehouse.

April 9, No. 1 and No. 3 cars out of service three hours each; adjusting counterweights.

April 27, No. 1 car out of service six hours; trouble with operating gear.

April 29, No. 2 car out of service twenty-four hours; resistance grounded in the motor.

June 25, No. 1 car out of service two and one-quarter hours; snapper knives burnt out.

July 27, No. 2 car out of service ten days; resistance wheels burnt out.

August 18, No. 2 car out of service one hour; short circuit in the motor.

August 21, No. 1 car out of service two hours; new snapper knives installed.

August 26, No. 1 car out of service on account of water in the motor room.

NOTE.—Six inches of water in the motor room and 4 inches in the boiler pit. No provision has been made for drainage in either the boiler or motor rooms.

August 26, No. 2 car out of service sixteen days on account of wet resistance wheels.

August 29, all elevators out of service three hours; trouble in the Terminal Storage Company's warehouse.

August 29, No. 1 car out of service two days; resistance grounded.

September 4, No. 3 car out of service twenty-three and one-fourth hours; resistance grounded.

September 18, No. 3 car out of service nineteen days; new cables and alterations.

September 21, No. 1 car out of service sixteen days; burnt-out motors.

October 7, No. 2 car out of service six and one-half days; new ropes and repairs.

October 15, new knives placed on No. 2 car. The electrician from the Otis Company tested the knives. They short-circuited and burnt out. The car was out of service for forty-eight days.

January 7, No. 1 car out of service three hours; trouble with resistance coils.

The summary of these various failures of service amounts to one hundred and sixty-four days, six hours, and thirty minutes.

G. F. SHAW,
Assistant Superintendent.

The CHAIRMAN. What is the cause of the voltage of current being off so frequently?

Mr. SHAW. That is caused by the variation in the load carried at the power plant. The current used in the building is brought in at a voltage of 2,200 and is transformed down to a voltage of 110 for the lighting service and 220 for the power. This is alternating current. The current operating the elevators is brought in direct from a street car line at a voltage of 550. This is a direct current. Any time there is any trouble on the H street car line the elevator service is necessarily affected by it.

The CHAIRMAN. The Terminal Company is not responsible for that.

Mr. SHAW. No, sir; but the trouble caused us by the variations in current is that if one of the elevators should happen to be in service and had started with its normal voltage of 550 and the voltage should vary in any way, it would result in damage to the motor. If these machines were equipped with a control governed by the accelerating magnet method, trouble of this character would be taken care of automatically.

The CHAIRMAN. That would avoid burning out?

Mr. SHAW. It would avoid a great deal of the trouble we have.

The CHAIRMAN. It would not give you continuous use of the elevator?

Mr. SHAW. Yes; except for a short while, caused by the variations of the voltage.

The CHAIRMAN. What does one of those machines cost?

Mr. SHAW. I am sure that it could be installed for less money than they have already spent for repairs. The last statement of their expenditures was something like \$1,900. That, however, includes the alterations provided for in the lease. How much of that was for repairs, I do not know.

The CHAIRMAN. What do you call that machine?

Mr. SHAW. Magnetic control.

The CHAIRMAN. You think it would not cost more than \$1,900?

Mr. SHAW. I am sure it would not.

Mr. GLASS. Did they decline to put that in?

Mr. SHAW. Yes, sir. They would not touch it at all.

Mr. GLASS. Is there any provision in the lease that requires them to give good service?

Mr. SHAW. Yes, sir.

Mr. GLASS. Could you not compel them to give good service?

Mr. SHAW. They seem to be trying to do everything to fix the motors so that they would run.

Mr. GLASS. But they did not do it.

The CHAIRMAN. Under date of May 20, there is a memorandum in reference to damages. How long was that elevator out of use?

Mr. SHAW. That paper ought to show. It went out of use about 3 o'clock in the afternoon, and was out until about 10 o'clock next morning.

The CHAIRMAN. I do not see anything in the statement in reference to it.

Mr. SHAW. It does not state how long it was out of use. It was out of service again four days later when the snapping knife blew out.

The CHAIRMAN. That was May 27, which was one week later.

Mr. SHAW. There is nothing here to show the length of time that it was out of use.

The CHAIRMAN. There is another item here on May 27. Were all of those troubles caused by lack of these magnetic controls?

Mr. SHAW. Not in that case. That case was where the current failed completely.

Mr. GLASS. Was there any other line they could be put on?

Mr. SHAW. No, sir.

The CHAIRMAN. How long will those machines last?

Mr. SHAW. Ten years.

The CHAIRMAN. Are they putting in many of them?

Mr. SHAW. I think so.

Mr. GLASS. I should think that if the lease provides for efficient service you could compel them to put in proper machinery.

The CHAIRMAN. How frequently do those failures of the electric current occur?

Mr. SHAW. It is a weekly occurrence.

The CHAIRMAN. You show a failure of the 220-volt current from 3 to 7 o'clock p. m. on May 27. That is four hours.

Mr. SHAW. That is longer than the average time. It is way above the average time.

The CHAIRMAN. The next day, May 28, the voltage was off from 11 a. m. to 1 o'clock and 8 minutes. That was the noon hour. I suppose that the demand on the elevator was pretty great at that time.

Mr. SHAW. The trouble is that if you are running up with a loaded elevator and your voltage is anywhere near normal, 550, and it drops, it means that it burns out the machine, because there is nothing to take up that loss. If that has magnetic control, the minute the voltage drops the underload magnet would fall. In that case the worst that could occur would be the blowing out of a fuse. That is where the new type of control would eliminate a good deal of the trouble.

The CHAIRMAN. You say to some extent it would eliminate "a good deal" of this trouble, but that is a rather indefinite term.

Mr. SHAW. A great many instances in which parts of the motor have been burned out or damaged have undoubtedly been due to this variation in voltage. If the car was moving with a load and a variation of the voltage should occur, either an under or over load, it would mean that some vital part of the motor must be damaged. If the car itself was overloaded it could not move because the overload magnet

would be there to take care of just such trouble. The only damage that could happen to the machine would be a burned-out fuse.

The CHAIRMAN. Are there any elevators out of service in the department at this time?

Mr. SHAW. No, sir.

Mr. CONRAD. I have furnished a statement to the Committee on Appropriations of the number of times that the current failed. It appears in one of the hearings of the Committee on Appropriations.

The CHAIRMAN. We will insert that at this point.

Since the Post-Office Department has occupied what are known as the "annex buildings" (July 1, 1907), at First and K streets NE., Washington, D. C., the electric current, which is furnished by the Potomac Electric Power Company, has failed as follows:

Two hundred and twenty volt current for operating machines in the mail bag and mail lock repair shops:

September 6, 1907, five hours and thirty minutes.

September 17, 1907, five minutes.

October 3, 1907, one hour and twenty minutes.

October 10, 1907, one hour.

November 8, 1907, one hour and forty-five minutes.

January 7, 1908, forty minutes.

January 22, 1908, forty minutes.

Five hundred and fifty volt current for operating the elevators:

September 8, 1907, two hours.

September 13, 1907, one hour.

October 1, 1907, two hours and thirty minutes.

October 15, 1907, three hours and fifteen minutes.

October 18, 1907, three hours.

November 16, 1907, three hours.

December 4, 1907, two hours.

December 23, 1907, ten hours.

January 15, 1908, three hours and fifteen minutes.

January 17, 1908, two hours.

March 17, 1908, six hours.

In addition to the cases cited above the current has failed on numerous occasions for a few minutes, of which no record has been kept.

Mr. MOORE. Whose duty is it to see that the owners of the buildings comply with the terms of the contract?

Mr. CONRAD. It is the duty of the chief clerk and superintendent.

Mr. GLASS. You can only insist on the compliance with the contract?

Mr. CONRAD. That is all.

Mr. GLASS. Is there some officer of the legal department charged with taking the initiative in proceeding against the lessors.

Mr. SHAW. If they absolutely fail to make a remedy, but they have had men in there every week.

Mr. GLASS. But experience shows that they did not make it sufficient to cure the difficulty.

Mr. CONRAD. I was going to say this: Mr. Wanger is more or less familiar with the situation with regard to making the lease of the warehouse. I have endeavored to explain, before Mr. Glass came in, that since last summer we have been endeavoring to get a lease with these people for the warehouse, and that we have had great difficulty with them. I have postponed taking what might be called summary action until we have completed that lease, because of the conditions.

Mr. GLASS. You think that it is better to endure that for the present?

Mr. CONRAD. Yes, sir. We made a lease of the warehouse day before yesterday.

Mr. MOORE. Would it not be vastly cheaper for the Government to own its own buildings than to rent?

Mr. CONRARD. I think so.

Mr. SHAW. Secretary Cortelyou drew a provision for that purpose.

The CHAIRMAN. He desired an appropriation to erect a building?

Mr. SHAW. Yes, sir. That was his aim.

The CHAIRMAN. You do not know that he ever made any effort to buy this particular building?

Mr. SHAW. No, sir. He wanted to erect a building. He had a committee trying to find a building.

The CHAIRMAN. To what extent would you be relieved if you got electrical current from other sources than of street-car lines?

Mr. SHAW. We can not get any from any other source. I do not know where it would come from. Our current now comes from the street-car line.

The CHAIRMAN. Then there is no relief from these interruptions caused by the failure to send the current.

Mr. SHAW. I do not know any source of supply except the Potomac Electric Light Company, and the branch of that company that we obtain our supply from is brought down the line with the H street car service. It has been suggested that the department endeavor to obtain a supply from another source, but the Potomac Electric Light Company has no connection near enough to the annex buildings to guarantee an efficient supply. A direct current can not be carried longer than a mile with any guarantee of efficient service.

The CHAIRMAN. Has the Supervising Architect of the Treasury Department been asked to examine the motors and report?

Mr. CONRARD. Yes, sir. Here is some correspondence on the subject.

POST-OFFICE DEPARTMENT,
OFFICE OF THE CHIEF CLERK,
Washington, November 12, 1908.

The SUPERVISING ARCHITECT,
Treasury Department.

SIR: In view of the fact that this department is experiencing considerable difficulty with the elevators in the Post-Office Department Annex, First and K streets NE., Washington, D. C., I beg to request that you detail an inspector from your office to make an examination of this machinery.

It is desired that this inspection be sufficiently thorough to enable this office to call upon the owners of the building to make all changes necessary to place the elevators in perfect working order.

It is suggested that the official designated to make the examination call at this office for full particulars.

Respectfully,

CHAS. A. CONRARD, *Chief Clerk.*

NOVEMBER 18, 1908.

The SUPERVISING ARCHITECT,
Treasury Department.

SIR: As directed by verbal instructions, I visited the United States Post-Office Annex, First and K streets NE., Washington, D. C., and made an examination of the elevator machinery, and have the honor to submit the following report:

Elevator No. 1 is a passenger elevator with car platform 6 feet by 5 feet, run at a speed of 225 feet per minute; allowable load, 1,500 pounds.

Elevator No. 2, freight elevator, platform 17 feet 6 inches by 12 feet 3 inches, out of service on account of disabled motor, defective parts of which had been removed from building to undergo repairs.

Elevator No. 3, freight elevator, platform 17 feet 6 inches by 12 feet 3 inches; speed, 50 feet per minute; allowable load, 3 tons.

These machines are run by direct current obtained from street railway, constructed to operate at 500 volts.

The two machines in operation were running satisfactorily at the time of my visit, the voltage being steady and cars were not overloaded.

The voltage on this circuit, from information obtained by assistant engineer, varies from 260 volts to 600 volts.

In my judgment the principal cause of the trouble to these machines is as follows:

The large variation in voltage of current is the principal cause of trouble.

The liability of overloading all machines, owing to the large platforms.

The present machines, if given proper attention and a uniform voltage obtained to operate same, are suitable for duty, providing same are not overloaded.

Respectfully,

H. M. PRICE,
Heating and Ventilating Draftsman.

Mr. GLASS. Has there ever been any question about your exceeding the capacity as to loads?

Mr. SHAW. The terminal company, I think, claims so, but I do not think there is any overloading; not to any great extent anyhow; but if the company would install the type of machine which the department has been contending for, the damage from overloading the car would be reduced to almost nothing. The time that the Supervising Architect of the Treasury made his examination of the motor he, of course, called upon the employees of the department to assist him in his examination. He directed them just what course to take, based on his knowledge of what the motors were expected to do, and therefore his examination was made under the most favorable conditions and not in the rush and hurry during their ordinary work.

The CHAIRMAN. Were you present at the time Mr. Price, of the Supervising Architect's office, made his inspection?

Mr. SHAW. No, sir. He did not say anything about his being there until it was all over. The request was to call on the chief clerk for consultation. He did not do that. He made an examination and went out.

Mr. GLASS. He assumed that the elevators were being lawfully run.

Mr. SHAW. He could not make any intelligent examination in that way.

The CHAIRMAN. You think that the principal cause of the variation in the voltage is the absence of magnetic control?

Mr. SHAW. No, sir; the installation of a magnetic control would not affect the variations of the voltage, but would only act as a monitor to protect the motor when a variation occurs, as this variation is caused by trouble located somewhere in the electric light company's plant.

The CHAIRMAN. Is there any appliance—a storage battery, for instance—that could receive this varying current and pass it to the motors uniformly, as required?

Mr. SHAW. Not that I know of. I know that the latest type of electrical elevator has an underload and an overload magnet. That is the way they depend on protecting a motor against a change of voltage.

The CHAIRMAN. You have no idea of what the price would be in getting this uniform voltage and how it is to be obtained for operation?

Mr. SHAW. No, sir. During the time of the examination of the motors by the official of the Treasury Department, probably upon the request of the Terminal Storage Company, as no request had been made by the Post-Office Department, the Potomac Electric Light

Company placed a volt meter on the motors and have a record of the variations in the voltage for a day or two after this examination was made. We have received no report as to what this record was. We were informed by our assistant engineer in charge of the annex buildings that this voltage varied from 260 to 660. Of course he did not get a reading of the volt meter and his information comes from a conversation he had with the representative of the Potomac Electric Light Company, who made the reading. He states that since this record was made there has been a slight improvement in the uniformity of the voltage.

The CHAIRMAN. Is there anything further that you wish to say?

Mr. SHAW. Nothing, except that there is another trouble in regard to the heating plant.

Mr. CONRAD. That is true.

Mr. SHAW. That is more serious than the elevator conditions. The two boilers in there are low-pressure boilers, simply for heat. They are sunk about $3\frac{1}{2}$ feet below the basement floor level. There is absolutely no way of draining the basement. If we should have a hard rain or bursted pipe it would mean that our fires would be shut off. The floors of the motor room are lower than the fire bed. It would mean that in case of a flood it would shut down our heating plant and our elevators.

The CHAIRMAN. There is nothing in the lease to require the Terminal Storage Company to provide that drainage?

Mr. SHAW. That is part of the boiler. It is part of the heating apparatus as much as the boiler.

Mr. GLASS. Have you experienced any trouble in that?

Mr. SHAW. Yes; we had trouble at one time. We were compelled to throw water out of the window, which is 4 feet high. That was in August last. The boilers have not been washed out since last winter. I find from a report that there were 18 inches of water in there.

Mr. GLASS. Is there anything in the lease relating to sufficient heat for the building?

Mr. SHAW. They guaranteed that.

Mr. CONRAD. There is no difficulty with the heat. There is plenty of heat.

Mr. GLASS. It is just with the flooding of the boiler room?

Mr. SHAW. Yes, sir; we have no way of properly cleaning the boilers from the fact that there is no drainage in the boiler pit. If a pipe bursts, we can not keep the water out of the boiler pit, and the same is true of the motor room. On one occasion a hard rain flooded the basement and there was 18 inches of water in the boiler room. The motor room was also flooded and the water became charged with electricity. It is simply a matter of luck that we have not had some serious trouble in the basement.

(Thereupon at 11.45 the committee adjourned.)

COMMITTEE ON EXPENDITURES IN THE
POST-OFFICE DEPARTMENT,
House of Representatives, Wednesday, February 3, 1909.

The committee met at 10 o'clock a. m., Hon. Irving P. Wanger, chairman, presiding.

**STATEMENT OF MR. WILLIAM C. FITCH, SUPERINTENDENT OF
THE STAMP DIVISION, POST-OFFICE DEPARTMENT.**

(Mr. Fitch was duly sworn.)

The CHAIRMAN. You are the chief of the Stamp Division in the bureau of the Third Assistant Postmaster-General?

Mr. FITCH. Yes, sir.

The CHAIRMAN. You are stationed in the building adjacent to the annex?

Mr. FITCH. Yes, sir.

The CHAIRMAN. And which building is a part of the annex?

Mr. FITCH. Yes, sir.

The CHAIRMAN. Is that building satisfactory for the purpose?

Mr. FITCH. Well, we are fairly comfortable. The chief objection is its isolated location.

The CHAIRMAN. That objection is from what point of view; as a place for the clerks or for the transaction of business?

Mr. FITCH. Both; but more especially the transaction of business, on account of separation from the department.

The CHAIRMAN. What is the difficulty in that respect?

Mr. FITCH. We can not communicate with the department readily. My experience is that it takes much time to go over to the department. It is not as though we were in the same building, where we could step into another room to consult the Third Assistant Postmaster-General, the chief clerk of the bureau, or other bureaus or divisions of the department. There is a good deal of time lost going back and forth for conferences.

The CHAIRMAN. How frequently are conferences necessary between the Third Assistant and the chief clerk and others?

Mr. FITCH. There ought to be more conferences than there are. The separation discourages conferences, because of the difficulty in getting together by reason of the time it takes. A frequent cause of serious annoyance and embarrassment is the time that it takes to respond to calls from the Postmaster-General, the Third Assistant Postmaster-General, and Members of Congress for files and records relating to subjects under immediate consideration.

The CHAIRMAN. How much of that building do you use?

Mr. FITCH. We use one entire floor.

The CHAIRMAN. Does that give you sufficient room?

Mr. FITCH. Yes, sir; we find it sufficient for our present purposes.

The CHAIRMAN. You have been there ever since the building was leased, have you?

Mr. FITCH. Yes, sir.

The CHAIRMAN. What are the reasonable probabilities for the future?

Mr. FITCH. The volume of business is perhaps 8 to 10 per cent greater each year, corresponding to the growth of the postal service, and while we do not have a corresponding increase of force, yet I think that we will find difficulty in getting room for whatever additional help may be given us and for the additional furniture and equipment. I should say that there is no room for any further growth at all.

The CHAIRMAN. How many floors are there in that building?

Mr. FITCH. Three.

The CHAIRMAN. By whom are the other floors used?

Mr. FITCH. The third floor is used by Major von Haake, the topographer, and the first floor is used by the redemption division and a part of it by the topographer's force, and also by the inspector of supplies; and there is a room also devoted to a lunch room.

Mr. VON HAAKE. That room is dark.

Mr. FITCH. That room is close against the railroad wall.

The CHAIRMAN. Is the work that you do chiefly of a clerical nature?

Mr. FITCH. Wholly so.

The CHAIRMAN. Is there any particular reason why you should be adjacent to a railroad track?

Mr. FITCH. We do no shipping whatever.

The CHAIRMAN. Is there any noise from the railroad that is objectionable?

Mr. FITCH. Yes, sir; decidedly so.

The CHAIRMAN. Does it interfere in a way with the clerks?

Mr. FITCH. Yes, sir; it is exceedingly noisy, especially in the summer, when all windows are open. There is a spur just north of our windows and a spur on the east side, on which they run coal cars to the Union Depot power house, and when they are running trains on both of those sidings the grinding of the brakes, the blowing off of steam, the tooting of the locomotive whistles, and the ringing of the bells make a combination of noises that is simply distracting, especially the shrieking of set brakes, which makes an unearthly din. Frequently we have to suspend all work on account of it. The smoke and dust and dirt from the railroad and the dust from the storehouse on our north are also troublesome. The gases and sickening odors from the railroad are at times almost overpowering.

The CHAIRMAN. Then I presume that the proposed location of the post-office building would be an improvement?

Mr. FITCH. Yes, sir; in respect of the noise. I had not heard that it was proposed to put us in the new post-office building.

The CHAIRMAN. It would still be better for your purpose if you were down at the department building?

Mr. FITCH. Oh, yes, sir. We are constantly embarrassed because of our separation from the department. We have a good deal of business to do with the auditor's office and with the accounting section, and much of our work deals with figures. I think you can appreciate the difficulty of talking figures over the telephone, and the great liability to error. Nearly every day some fresh embarrassment arises from our remoteness from the department. There is constant delay to correspondence, in the handling of telegrams, of which we receive and send many, and in the filling of postmasters' requisitions for postage stamps.

The CHAIRMAN. You have abundance of light?

Mr. FITCH. Yes, sir. We have good light.

The CHAIRMAN. Is the building well heated?

Mr. FITCH. It is very comfortable. There is no sidewalk to our building, and there is danger to life and limb from the heavy teaming to the larger building, which our clerks are obliged to pass coming and going.

The CHAIRMAN. How much of a loss of efficiency of your force do you imagine there is by reason of the noise from the railroad?

Mr. FITCH. I have never reduced that to figures, and it seems to me it would be difficult to fix an accurate estimate of the effect on efficiency, but it can not help but affect it, because I know of the nervous state which the clerks get into at times. Sometimes they are compelled to stop work entirely because of the distracting noises. Our duty is to receive the requisitions of postmasters for stamps, and to draw orders upon the several distributing points for shipment of the stock. These orders, containing thousands of items, must be read back to insure accuracy, and I think you can appreciate what effect those noises would have on the reading back of orders, the taking of telephone messages made up largely of figures, etc.

The CHAIRMAN. Can you estimate the percentage of loss approximately by reason of the remoteness from the department?

Mr. FITCH. No. I think that it would be difficult to reduce it to figures. I would be glad to consider the question and make an estimate.

The CHAIRMAN. We would appreciate it very much if you would do so.

Mr. FITCH. I have never thought of it in that way; that is, of reducing it to mathematics.

Mr. FAIRCHILD. What is the system of checking in receiving goods?

Mr. FITCH. We do not receive goods. Our duties are to receive requisitions of postmasters, amounting to nearly \$200,000,000 a year, and to classify and record them, and draw orders upon the distributing agencies and upon the Bureau of Engraving and Printing, where stocks of stamps, postal cards, and stamped envelopes are kept, for issue of the stock. Then we have a bookkeeping section, in which are entered charges against postmasters for stamps furnished them, and these charges are certified to the auditor at the close of each quarter. We fill nearly a million requisitions yearly, but we do not have the actual physical handling of the stock. Our work is administrative. We do not handle supplies in the way that the supplies division does.

STATEMENT OF MR. ADOLPH VON HAAKE, TOPOGRAPHER, POST-OFFICE DEPARTMENT.

(Mr. Von Haacke was duly sworn.)

The CHAIRMAN. What is your official position?

Mr. VON HAAKE. Topographer, Post-Office Department.

The CHAIRMAN. You are quartered in the annex?

Mr. VON HAAKE. Yes, sir; on the third floor.

The CHAIRMAN. That is the small building adjacent to the railroad?

Mr. VON HAAKE. Yes, sir.

The CHAIRMAN. Is that a satisfactory location?

Mr. VON HAAKE. No; in no way.

The CHAIRMAN. What is the objection?

Mr. VON HAAKE. Well, in the first place it is so far from the headquarters, and another thing is that the railroad disturbs the work because of the shaking of the building when trains pass. The shaking is more perceptible on the upper floors. One of the corners is, in fact, a part of the viaduct of the railroad. We have not sufficient room on the third floor and use one room on the lower floor, besides some rooms in the big building. Since the work of drawing and blueprinting of the maps of counties, showing the rural free delivery service, was added to our work we are cramped for room.

The CHAIRMAN. And you find more room in the big building?

Mr. VON HAAKE. Yes, sir; on the lower floor.

The CHAIRMAN. How does that answer the purpose?

Mr. VON HAAKE. The people have not much light, and they are cut off from the office building.

The CHAIRMAN. It is more quiet in the big building?

Mr. VON HAAKE. No.

The CHAIRMAN. Does that building shake?

Mr. VON HAAKE. No; that is a solid, fine building. That building is away from the railroad. We are nearer to the railroad in our office building.

The CHAIRMAN. If there was a better light, that would be a better place for your work?

Mr. VON HAAKE. Yes, sir. The ceilings are low in the big building. It was built for a warehouse. We have good light, but we have not enough room, and our building shakes so much when heavy trains pass by that the draftsmen have to stop their work.

The CHAIRMAN. How frequently is that?

Mr. VON HAAKE. That is pretty nearly every five minutes.

The CHAIRMAN. When you say a heavy train, do you mean one of the ordinary express trains?

Mr. VON HAAKE. Yes, sir; express and freight trains.

The CHAIRMAN. Is there any special occasion for you to be in the department building?

Mr. VON HAAKE. I have to go over there every day. We have about 500 maps hanging in the department building, and they have to be changed and brought up to our office so as to be corrected to date, and then they have to be carried back and put in the racks.

The CHAIRMAN. Is nearness to the railroad any advantage?

Mr. VON HAAKE. Not at all.

The CHAIRMAN. You do not get maps shipped by railroad?

Mr. VON HAAKE. No; they are sent by express to the supply division, and are sent to us by wagon.

The CHAIRMAN. That is a regular supply division under Mr. Richard P. Covert?

Mr. VON HAAKE. Yes, sir. The free-delivery maps are principally drawn by ladies.

The CHAIRMAN. How much of a force have you?

Mr. VON HAAKE. We have now about forty-two or forty-three people. We take on more people when we need them, on account of

the county maps, which are done by piecework. The draftsmen who make them earn about \$75 a month, and sometimes more.

The CHAIRMAN. What particular qualifications are necessary?

Mr. VON HAAKE. They have to pass a civil-service examination as copyists of maps.

The CHAIRMAN. Do you operate the lunch room?

Mr. VON HAAKE. No. There is a lunch room on the lower floor, but it is unsatisfactory. That is on the lower floor next to the office of the inspector.

The CHAIRMAN. Is that for the benefit of your people?

Mr. VON HAAKE. It is for the benefit of all in the annex. There are other objections on account of dirt and filth.

(Thereupon the committee took a recess until Wednesday, February 10, 1909, at 10 o'clock a. m.)

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SUPPLEMENT TO PART IV

HEARINGS

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE POST-OFFICE DEPARTMENT

OF THE

HOUSE OF REPRESENTATIVES

COMMITTEE

IRVING P. WANGER, CHAIRMAN

MARTIN B. MADDEN

WILLIAM H. JACKSON

GEORGE W. FAIRCHILD

CARTER GLASS

JOHN M. MOORE

FRANK CLARK

WASHINGTON

GOVERNMENT PRINTING OFFICE

1909

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ELEVATOR SERVICE, POST-OFFICE DEPARTMENT ANNEX.

WASHINGTON, D. C., *February 23, 1909.*

HON. IRVING P. WANGER,
*Chairman Committee on Expenditures
in the Post-Office Department.*

SIR: By direction of the Supervising Architect, in accordance with your verbal request of the 19th instant, I have made an investigation of the conditions responsible for the unsatisfactory elevator service in the Post-Office Department Annex, First and K streets NE., Washington, D. C., with a view to suggesting the proper remedy.

The following report is respectfully submitted:

As interruption and fluctuation of voltage in the electric-current supply were reported to be the main cause of unsatisfactory elevator service, a recording voltmeter was obtained from the Potomac Electric Power Company, and connected to the supply feeders in the building, to ascertain the variation in voltage. This instrument, while recording fluctuation in voltage, also indicates a current interruption.

A five days' record was obtained, and is appended to this report.^a

Due to insufficient ink capacity of the recording pen, the record is interrupted for several periods of time, but I am informed that no interruption of service occurred within said periods.

Excepting an interruption each day at approximately 2 o'clock a. m., which is caused regularly by the power company to give it an opportunity for testing out its complete distribution system, the record indicates no interruption of service within the five days.

The record further indicates that the instantaneous voltage, except on two occasions, did not drop below 450 and did not exceed 600, while the average for the entire period is within the limit of 480 to 570.

This variation is not sufficient to cause any interruption in or interference with the elevator service.

Great improvements have recently been made in the electrical equipment of the 550-volt direct-current electric street railway circuit to which the elevators are connected, and it is believed that the causes of excessive voltage fluctuation or entire interruption of service have been reduced to a practical minimum.

All danger of injury to the elevator machinery due to low voltage and consequent overloading of the motors can be eliminated by the installation on each machine of an auxiliary carbon brake, automatic overload and low-voltage circuit breaker adjusted to open the circuit at a minimum voltage of 400 and at the maximum current required to carry up or down 5,500 pounds on the freight elevator and 1,400 pounds on the passenger elevator with a voltage of 500.

^a As the record consists of charts it is impracticable to print the same.

Each circuit breaker to be provided with an attachment to ring an alarm in the engineer's room when the circuit breakers open.

In this connection it is recommended that a recording voltmeter be purchased and connected to the elevator circuit to give a permanent record of the voltage at all times.

During the period in which the fluctuation in voltage was being ascertained consideration was given to the feasibility of securing electrical current from some other source of supply. The following were considered:

Potomac Electric Power Company's alternating current circuit.—This circuit now enters the Post-Office Department Annex, and all small motors in the building are connected thereto. The current is single phase, 110 volts for lighting and 220 volts for power. Being single phase, the current is not suitable for elevator motors, which are required to start under load, and the electric company would not permit the application of so variable a load as elevator service constitutes to this circuit on account of the fluctuation in voltage and consequent unsatisfactory service in lighting service caused thereby.

Government Printing Office power station.—The electric current generated in this station is 125 volts direct current. There are no conduits available for carrying the electrical conductors from the station to the Post-Office Annex, and the electrician of the Printing Office states that the station has not the capacity to carry any additional load to that now carried. For the last-named reason, the electrician states, consideration could not be given to the supply of current outside the Printing Office.

Union Station power house.—The current generated in this station is alternating. The superintendent of the station states that consideration would not be given to the supply of current for purposes other than those connected with the Union Station.

In every case the current generated is of a different character (alternating) or of a different voltage than that required by the elevators in the Post-Office Annex and would require the complete rebuilding of the elevator motors and controllers to adapt them thereto.

Quite a few interruptions to elevator service in the past have been due to defects in the electrical equipment of the elevators.

The insulation resistance of the motors and controller parts is low, and, together with worn contact segments and burnt contact fingers, will continue to give trouble if not thoroughly overhauled and repaired.

The low insulation resistance can properly be attributed to dampness of the elevator room. This will continue as long as water is allowed to collect in the room, and it is recommended that a pit with an automatic electric cellar drainer be provided for removing all water from the elevator room as quickly as it collects.

The length of periods of interruption, and undoubtedly the prime cause in many instances, lies in the divided responsibility in the care and maintenance of the elevators.

All repairs due to natural causes (wear and tear) are made by the owners of the building, the Terminal Storage Company, while repairs necessitated by careless handling or rough usage are made by the Post-Office Department.

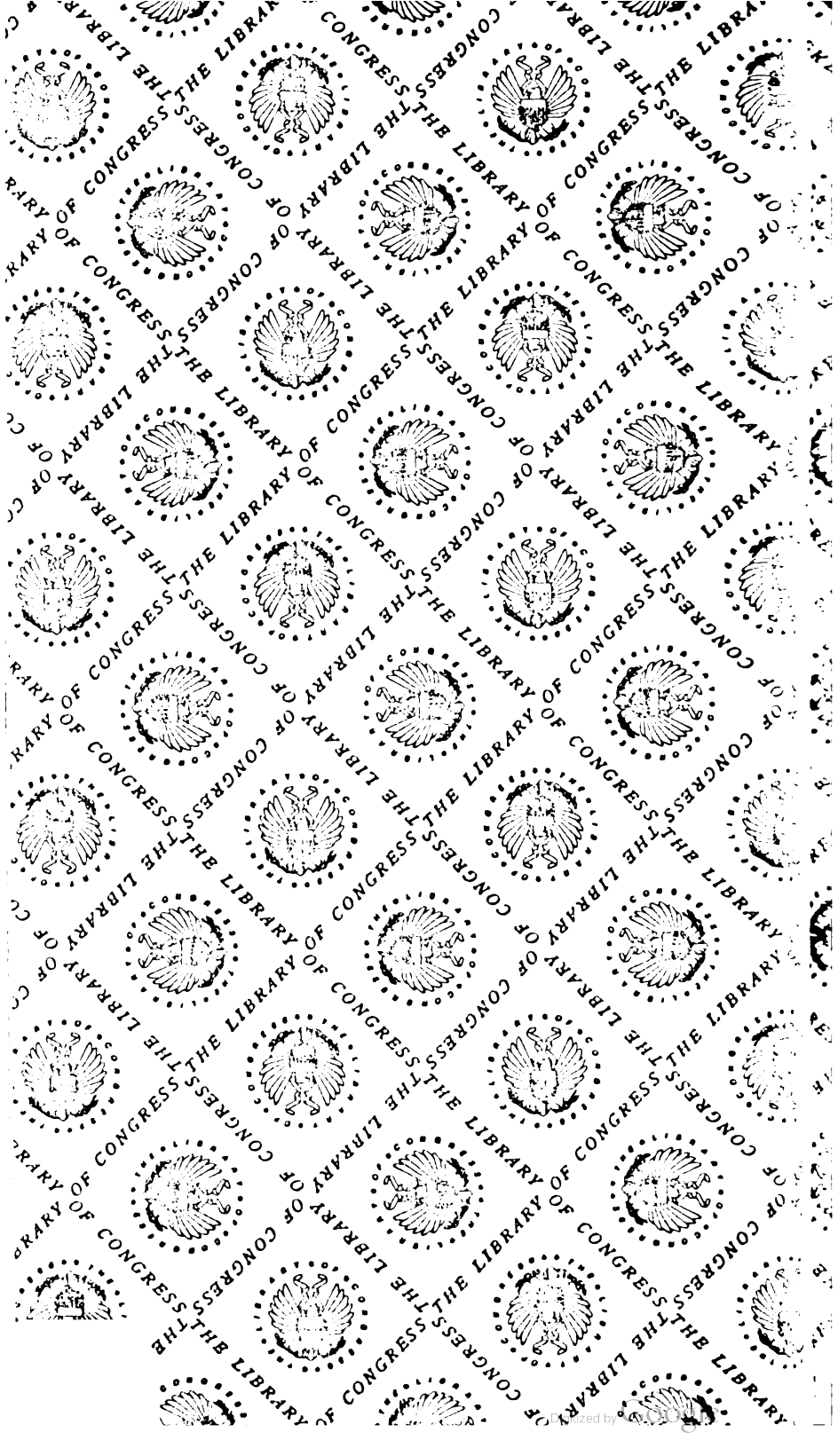
As most repairs are of the first-named character, much time is lost from the time a damage occurs until the owners have been notified, have secured a man to make the repairs, and the repairs completed.

It is recommended that when all the aforementioned necessary repairs and improvements have been made, and the elevators placed in first-class condition, arrangements be made between the Post-Office Department and the Terminal Storage Company to relieve the Terminal Storage Company of all responsibility of making elevator repairs, except repairs of such a nature as to require an elevator builder and the furnishing of the necessary repair parts, and that a competent man from the Post-Office Department be placed in charge of the elevators and held responsible for their proper repair and operation.

Respectfully submitted.

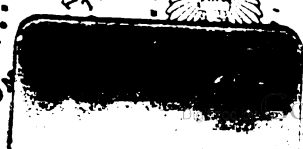
FRED W. GAST,
Electrical Engineer.

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